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Annual results 2011 u-blox Holding AG

March 21, 2012

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Agenda

- Introduction
- Operational highlights 2011
- Financial results 2011
- Business review
- Outlook
- Q&A

Operational highlights 2011

- Good performance despite a challenging global economy in 2011
- Continued investments and measures for sustainable success
 - Further expansion of geographical footprint: second office in China
 - Continued to make acquisitions while keeping a sound balance sheet
- Expanded market position in existing markets
 - Penetration of new market sectors and diversification of customer base
- Strengthened organization
 - New CFO
 - New Board member
 - Increase in staff by 25 people (FTE)
- Several new innovative solutions brought to market

Increased focus on technology expansion

- Completion of 5 acquisitions and new patents since 2009
 - => Smooth execution and integration
 - => Generating additional growth and market share

2009	2010	2011	2012
Acquisitions <ul style="list-style-type: none">• NeonSeven• Geotate	Acquisition <ul style="list-style-type: none">• Air Semiconductors (patents)	Acquisitions <ul style="list-style-type: none">• Fusion Wireless• SigNav assets	Continue to evaluate acquisitions to complement and scale product portfolio

Fusion Wireless acquisition

- Acquisition of 100% of the shares of Fusion Wireless
- Acquisition price: USD 0.9m, fully paid for in cash, plus existing debt of USD 2.1m, plus earn-out
- Acquisition was closed on September 18, 2011



Strategic rationale

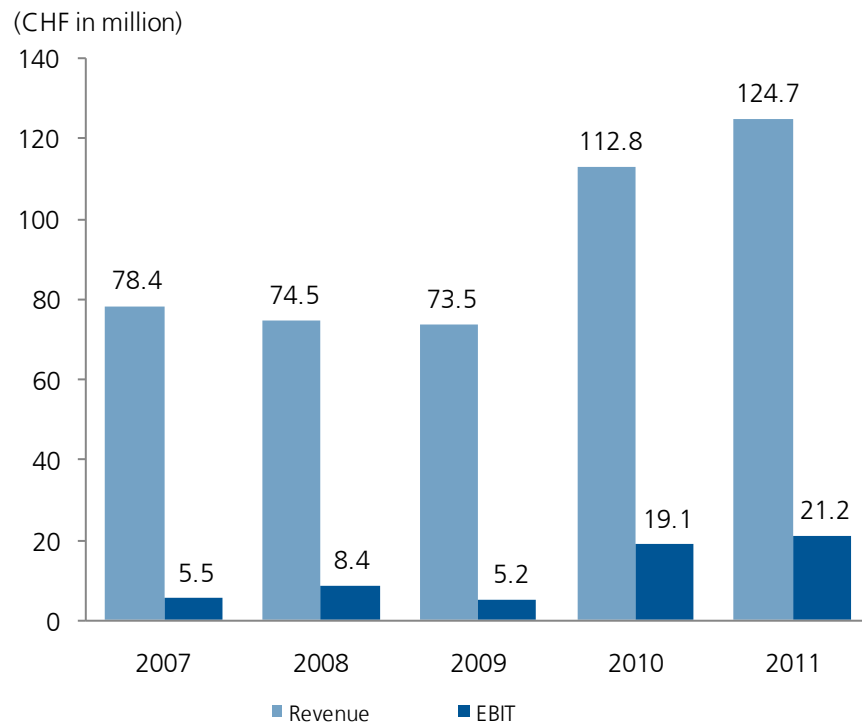
- New wireless module products and access to the CDMA market in North America for both consumer and M2M applications
- Win a larger market share, as OEMs can offer their products for both networks
- Opportunity to win additional business in other CDMA markets (China, Korea, Japan, India)

u-blox group

Key figure	Amount CHF	In relation to revenue	Change 2011 to 2010
Revenue	124.7m	-	10.6%
Gross profit	62.8m	50.3%	6.6%
EBITDA	29.1m	23.4%	5.2%
EBIT	21.2m	17.0%	11.2%
Net profit	16.5m	13.2%	27.8%
Net operating cash flow	18.6m	14.9%	-10.2%

Revenue and EBIT

Revenue and EBIT

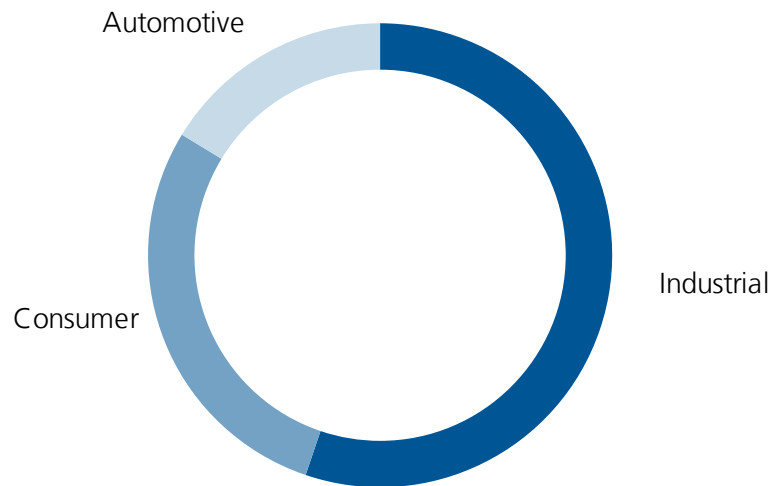


Comments

- Revenues: +10.6%
- Revenue growth in local currencies: + 29%
- EBIT: +11.2%

Markets trends

Revenue split per market for 2011



Note: Estimate

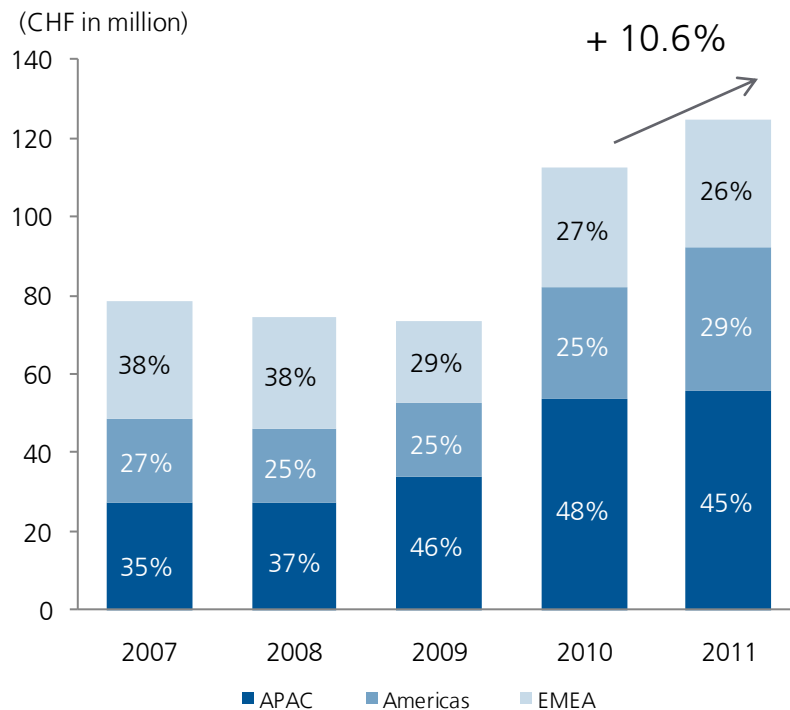
Comments

- Very strong growth in automotive market, both in first-mount and after-market applications
- Growth in consumer market led by GPS sales into mobile computing and mobile phones
- Continued strong position in fleet management and asset tracking applications

Revenues by geography

Revenues by geographic region

Comments



Growth in all geographic regions

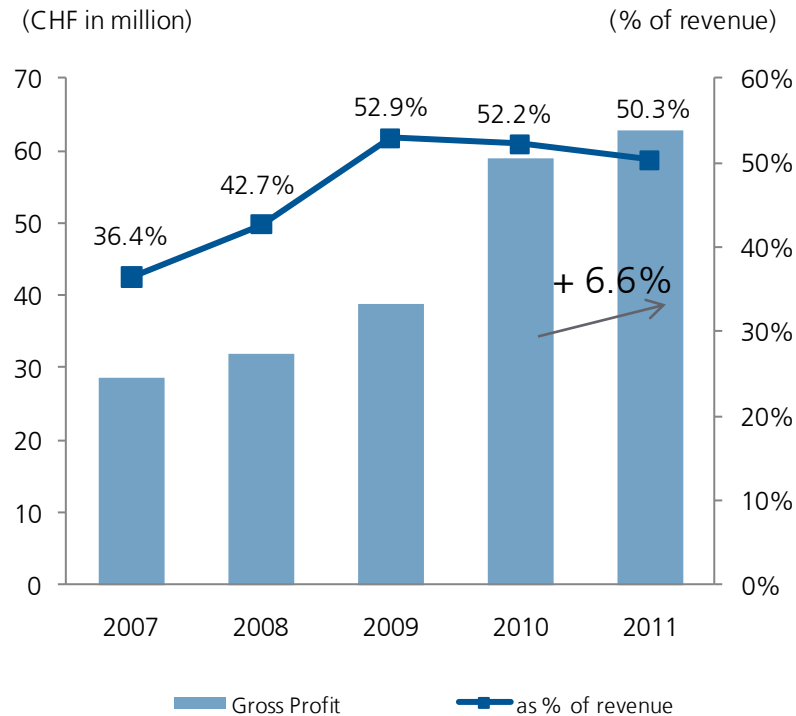
- Very strong increase in the Americas (+29.9%)
- Increase in Asia Pacific (+3.3%)
- Increase of +5.8 % in EMEA

Note: based on customers' location

Gross profit

Gross profit / Gross profit margin

Comments

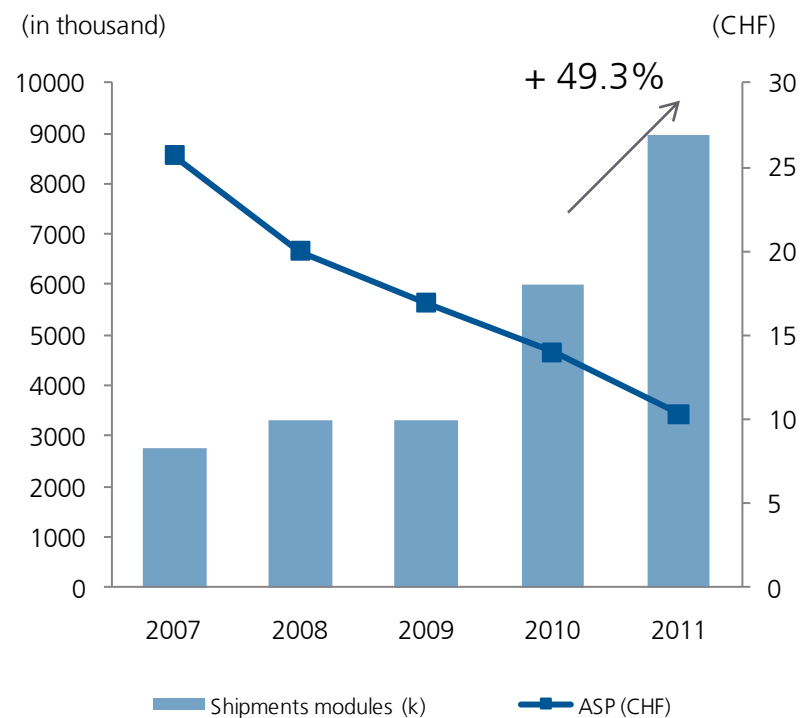


- Increase in gross profit to CHF 62.8m in 2011
- Growth of gross profit of +6.6% compared to 2010
- Good gross profit margin in 2011 of 50.3%, slightly declined due to product mix

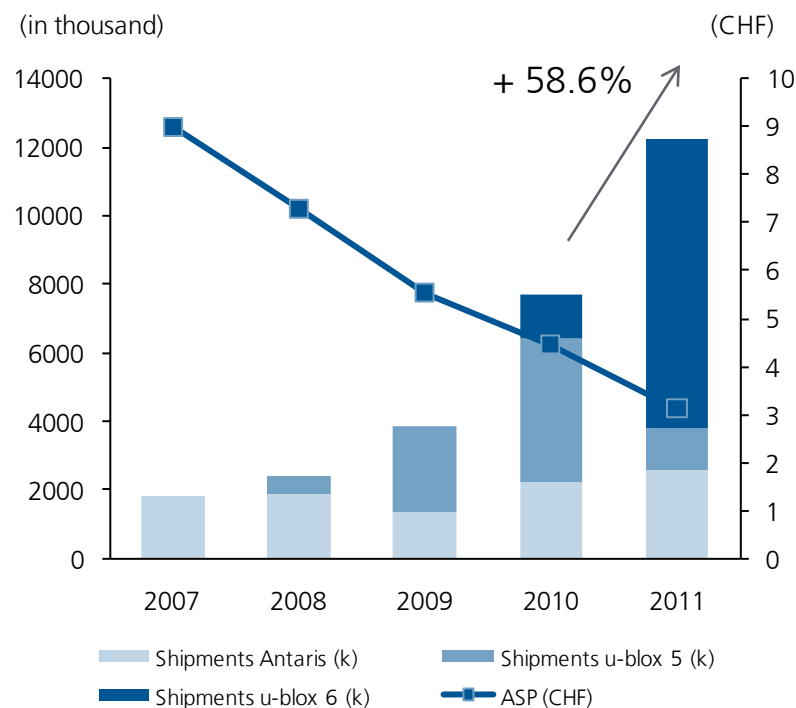
Shipments and ASP development

- Steep increase of u-blox 6 chip shipments in 2011
- Strong growth of module volume in 2011

Modules



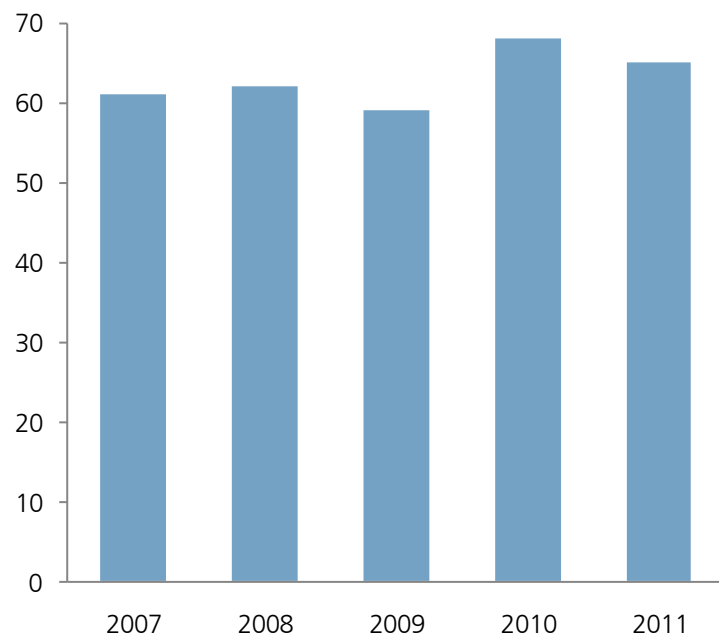
GPS chips



Note: incl. Atmel-Chipset sales

Global customer base

Number of customers totaling 80% of revenue

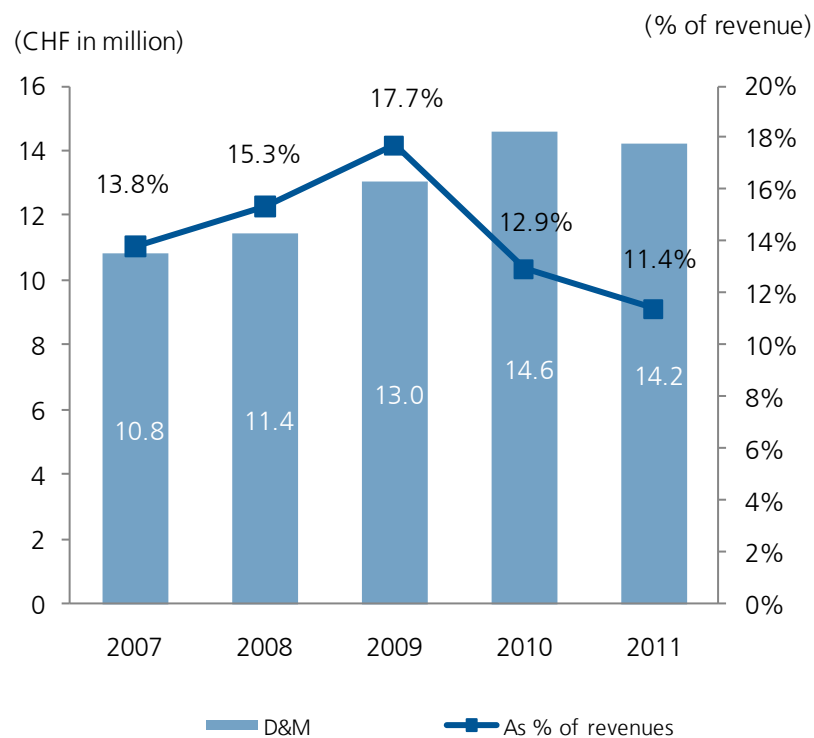


Comments

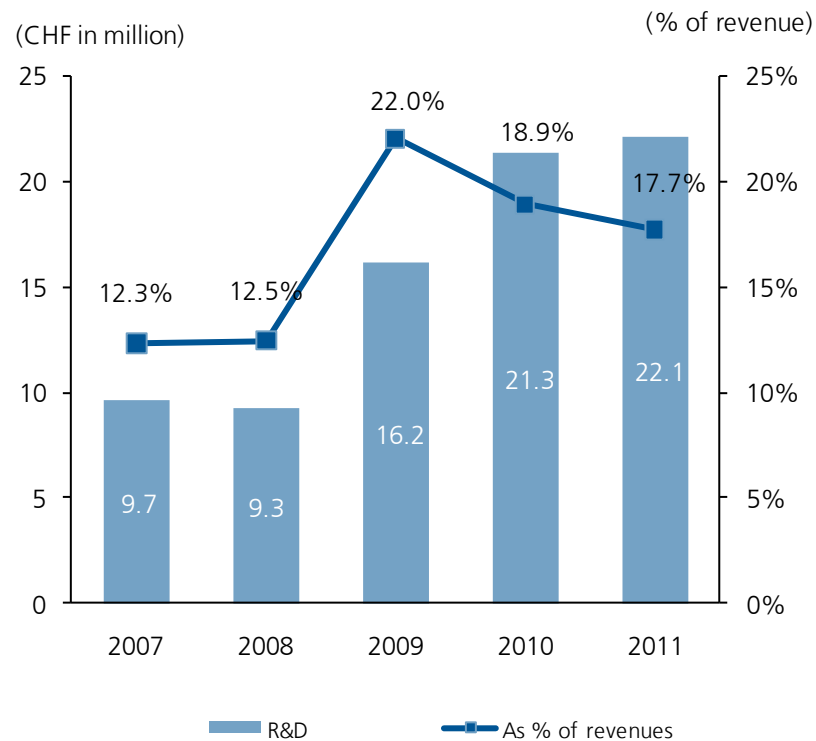
- Strong and stable customer base
- More than 3500 customers worldwide
- Good spread over different applications and geographical regions
- Largest customer accounts for less than 7% of total revenue in 2011
- 10 biggest customers account for 37% of total revenue in 2011
- No bad debtors
- Strong market and technology position with further potential for profitable growth

Distribution & marketing / Research & development

Distribution & marketing expenses

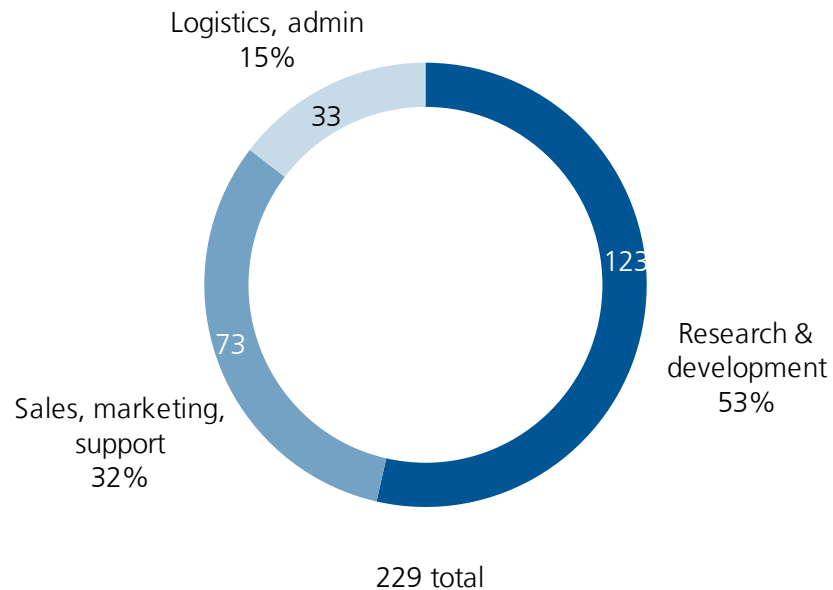


Research & development expenses



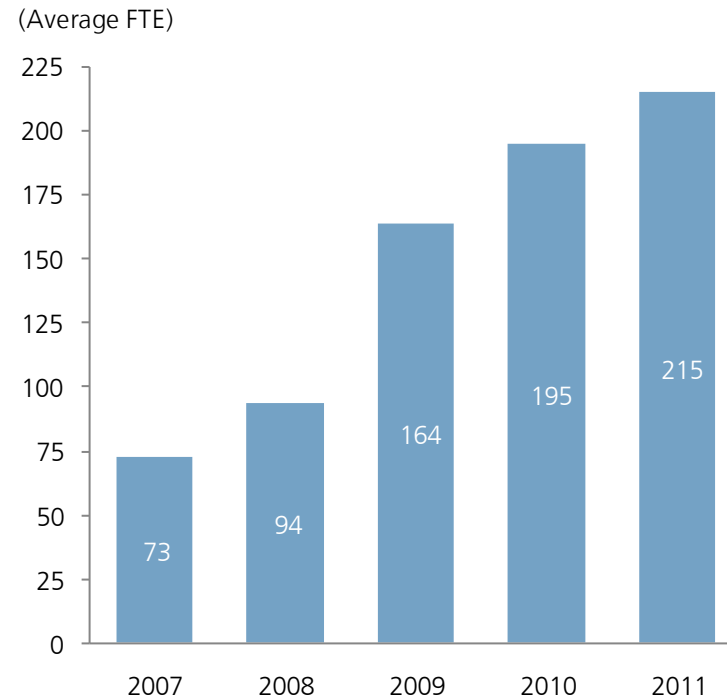
Employees

Employee breakdown (end of 2011, FTE based)



Note: 61% of employees based outside Switzerland (spread over 10 countries)

Average employee level (2007 – 2011, FTE based)



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

Income statement

Consolidated income statement (condensed)

(in CHF 000s)	for the year ended December 31,			June 30,
	2011	2010	2009	2011
Revenue	124'704	112'781	73'527	62'471
% growth	10.6%	53.4%		
Cost of revenue	-61'953	-53'921	-34'644	-31'045
Gross profit	62'751	58'860	38'883	31'426
% gross profit margin	50.3%	52.2%	52.9%	50.3%
Operating expenses	-41'807	-41'159	-33'781	-19'850
Other income	256	1'370	84	171
Profit from operations (EBIT)	21'200	19'071	5'186	11'747
% EBIT margin	17.0%	16.9%	7.1%	18.8%
Financial income	1'034	942	251	495
Finance costs	-1'286	-3'546	-1'490	-2'818
Profit before income tax (EBT)	20'948	16'467	3'947	9'424
% EBT margin	16.8%	14.6%	5.4%	15.1%
Income tax expense	-4'440	-3'551	-621	-2'014
Net profit for the period	16'508	12'916	3'326	7'410
% net profit margin	13.2%	11.5%	4.5%	11.9%
Depreciation and amortization	7'919	8'612	7'595	3'450
EBITDA	29'119	27'683	12'781	15'197
% EBITDA margin	23.4%	24.5%	17.4%	24.3%
EBITDA growth	5.2%	116.6%		
EBIT growth	11.2%	267.7%		
Net profit growth	27.8%	288.3%		

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

Comments

- Revenue increase of 10.6% from 2010 to 2011
- Increased gross profit by 6.6%
- Only slightly higher operating expenses despite increased revenues
- EBITDA margin of 23.4%
- EBIT margin of 17.0%
- Tax rate of 21.2%
- Net profit of CHF 16.5m, net profit margin of 13.2%
- Stock options cost in the amount of CHF 1.6m
- Finance costs contains foreign exchange loss of CHF 0.6m

Statement of financial position

Statement of financial position (condensed)

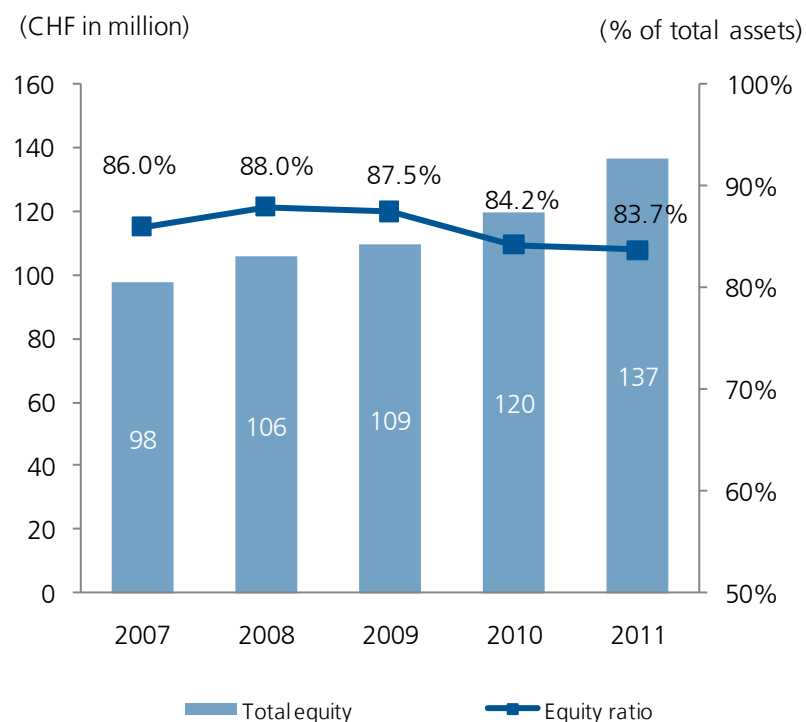
(in CHF 000s)	Dec. 31, 2011 (audited)	Dec. 31, 2010 (audited)	Dec. 31 2009 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	35'151	25'184	20'153
Short-term investments	0	0	5'000
Marketable securities	45'981	49'890	39'740
Trade accounts receivable	16'877	12'160	8'344
Other current assets	24'648	19'863	11'062
Total current assets	122'657	107'097	84'299
Non-current assets			
Property, plant and equipment	5'331	4'947	4'229
Intangible assets	33'102	27'687	31'424
Financial assets	425	352	381
Deferred tax assets	2'068	2'217	4'686
Total non-current assets	40'926	35'203	40'720
Total assets	163'583	142'300	125'019
LIABILITIES AND EQUITY			
Current liabilities	19'169	17'592	12'270
Non-current liabilities	7'461	4'857	3'308
Total liabilities	26'630	22'449	15'578
Shareholders' equity			
Share capital	5'619	5'619	5'619
Share premium	105'367	103'798	102'830
Retained earnings	25'967	10'434	992
Total equity	136'953	119'851	109'441
Total liabilities and equity	163'583	142'300	125'019

Comments

- Very strong financial position with a liquidity (incl. marketable securities) of CHF 81.1m
- No significant debt
- Inventory CHF 20.6m (WIP CHF 8.1m)
- Increase of trade accounts receivable due to higher revenue
- Goodwill at CHF 17.1m
- Trade accounts payable of CHF 6.1m

Statement of financial position

Total equity and equity ratio



Comments

- Equity ratio at 83.7%
- Strong capital base supports expansion of business
- Payout of a dividend of CHF 0.90 per share proposed to the annual general meeting

Statement of cash flows

Consolidated cash flow Statement (condensed)

(in CHF 000s)	For the year ended December 31,	
	2011	2010
Net cash provided by operating activities	18'597	20'671
Net cash used in investing activities	-6'217	-13'589
Net cash used in financing activities	-2'397	-4
Net increase in cash and cash equivalents	9'983	7'078
Cash and cash equivalents at beginning of period	25'184	20'153
Effect of exchange rate fluctuations on cash and cash equivalents	-16	-2'047
Cash and cash equivalents at end of period	35'151	25'184

Comments

- Strong positive operational cash flow
- Investing activities:
 - CHF 7.1m investments into intangible assets (Software, capitalization of R&D, IP)
 - CHF 3.3m investments into property, plant and equipment (tools, furniture, equipment)
 - CHF 0.05m net cash for acquisition of subsidiaries
 - CHF 4.3m proceeds from sale of marketable security
- Financing activities:
 - CHF 2.4m repayment of loans in connection with acquisitions

Segment information






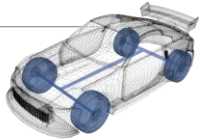

	GPS and wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
(in CHF 000s)	January - December		January - December		January - December		January - December		January - December	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue third	122'973	110'288	1'731	2'493	124'704	112'781	-	-	124'704	112'781
Revenue intragroup			7'484	4'506	7'484	4'506	-7'484	-4'506	0	0
Total revenue	122'973	110'288	9'215	6'999	132'188	117'287	-7'484	-4'506	124'704	112'781
EBITDA	27'424	25'944	2'009	1'979	29'433	27'923	-314	-240	29'119	27'683
Depreciation	-2'330	-2'076	-611	-616	-2'941	-2'692	-	-	-2'941	-2'692
Amortization	-4'026	-4'911	-952	-1'009	-4'978	-5'920	-	-	-4'978	-5'920
EBIT	21'068	18'957	446	354	21'514	19'311	-314	-240	21'200	19'071
Financial income									1'034	942
Finance costs									-1'286	-3'546
EBT									20'948	16'467
	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2010
Assets	74'417	59'459	6'981	5'884	81'398	65'343	82'185	76'957	163'583	142'300
Liabilities	22'264	18'868	3'009	2'799	25'273	21'667	1'357	782	26'630	22'449
Capital expenditures	11'480	7'475	2'149	1'134	13'629	8'609	-	-	13'629	8'609

Business review

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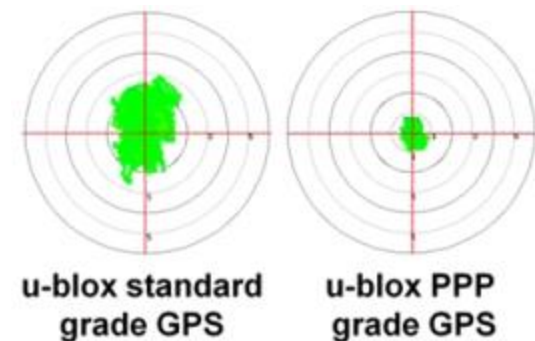
Various features and new products introduced in 2011

2011 Product launch

January	Smallest ever GPS single-chip, the UBX-G6010-NT	
February	MAX-6, compact GPS modules for industrial applications	
March	CellLocate feature to support indoor positioning	
July	u-blox 6 GPS platform upgraded with future-proof features	
September	Three new certified wireless modules based on CDMA standard	
September	Precision timing chip used in mobile base stations	
November	Two new Automotive Dead Reckoning GPS receivers	
December	NEO-6P module providing sub-meter GPS accuracy with Precise Point Positioning	

NEO-6P GPS module for Precise Point Positioning

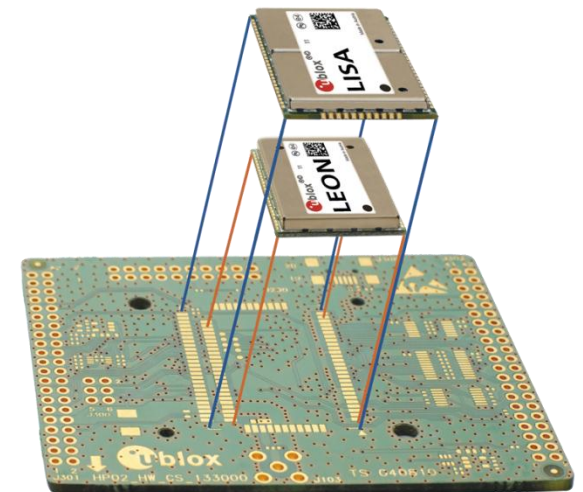
- Precise point positioning is a method that performs precise position determination using a single GPS receiver
- It provides extremely high levels of position accuracy in static and slow moving
- Suited for mapping, marine or agriculture



PPP is able to provide position solutions at centimeter to decimeter level

LISA-C200 wireless voice and data modem

- Supporting the CDMA mobile communications standard.
- Suited to M2M and automotive applications
- Enable customers:
 - To create a single hardware design that supports multiple standards throughout the world
 - Create wireless terminals that work everywhere based on a single modem and design.

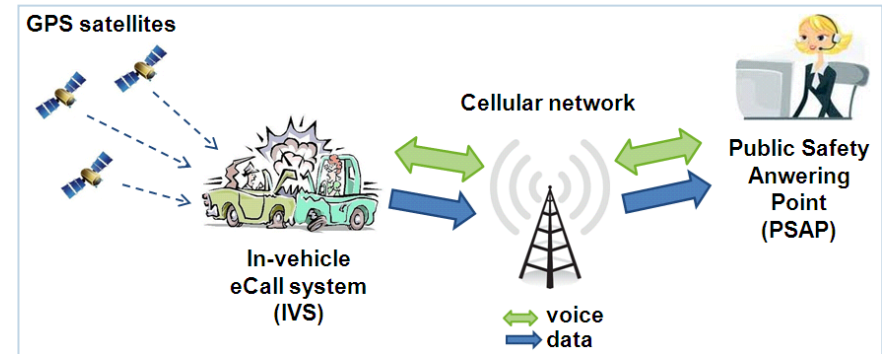


LISA and LEON are form factors that can be nested into a same product design for coping with all wireless standards

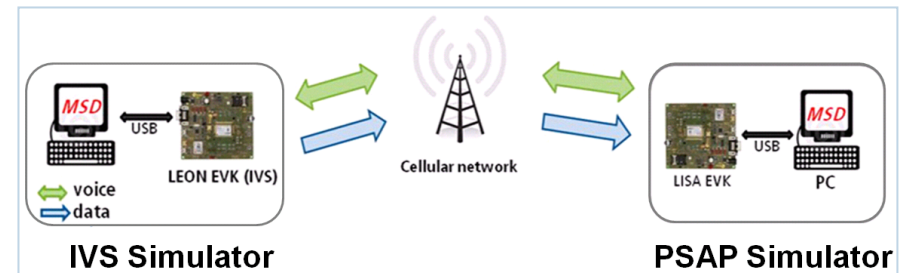
European eCall / ERA GLONASS

u-blox' complete solution and test environment

- LEON in-band modem proven 100% eCall compliant by Rohde & Schwarz
- Implementation based on LEON GSM module + any u-blox GPS / GLONASS receiver chip or module
- Complete PC-based simulation environment for testing
- Automotive grade



European eCall concept



u-blox' eCall test environment

Commercial highlights (1)

Increased penetration of consumer markets

u-blox increased its share of the consumer markets, especially for smart phones



Iota, US
GSM-Bluetooth hub



Meizu, China
Cell phone



Enspert, Korea
Tablet computer



DAVISCOMMS, Malaysia
Personal tracker

Commercial highlights (2)

Increased penetration of industrial markets

The industrial market continued to be the strongest performing sector in 2011



Geotab, US
Vehicle tracking



GenX Mobile, US
Vehicle tracking



McMurdo, UK
Location beacons



Mikrokopter, Germany
Precision photos and videos

Commercial highlights (3)

Increased penetration of automotive markets

Won new tier-1 car electronics suppliers in 2011 for both for factory-mounted or dealer-installed navigation systems.



Samsung
Portable navigation
and entertainment



Coagent, China
Car navigation

Strategic priorities 2012 (1)

1

Technology and innovation

Outlook 2012

- Develop next generation technology platforms for positioning and wireless products
- Establish MAX and LISA form factors as de-facto industry standards for GPS and wireless, respectively
- Penetrate GLONASS market with both positioning and wireless products
- Add more features to existing products
- Broaden technology scope

2

Market position

Outlook 2012

- Deepen relationship with customers by expanding our field application engineering teams around the world
- Expand sales organization for additional geographical coverage
- Maintain strong momentum in the automotive markets, continue dominance in the industrial sector, and win further market share in the consumer market

Strategic priorities 2012 (2)

3

Operational excellence

Outlook 2012

- Continue to exploit the synergies between positioning and wireless technologies
- Further increase capacity to meet customer demands
- Expand and streamline our cross divisional program management
- Strive for leaner processes and lower operational costs

4

Strategic partnership and acquisition opportunities

Outlook 2012

- Continue to evaluate key growth initiatives and strategic acquisitions
- Establish service and manufacturing partnerships to enter new markets and expand local production capabilities near to our customer

A photograph of two men on a golf course. The man in the foreground is wearing a light blue polo shirt and white golf gloves, holding a golf club. The man in the background is wearing a red polo shirt and white golf gloves, pointing towards the distance. The background shows a green golf course with sand traps and trees.

Outlook

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Outlook

Goals

- Grow business with new products
 - Wireless
 - GSM and WCDMA products
 - New CDMA product line
 - Positioning
 - u-blox 6 with firmware 7
 - New form factor MAX
- New product announcements 2012
- Continued focus on strategic development
- Strengthen the global presence
- Operational excellence for higher efficiency
- Control cost to match impact from strong Swiss Franc

Financial performance outlook 2012

- Strong business growth in 2012
- Natural hedging maintains relative gross margin against foreign exchange variations
- Some impact by product mix on relative gross margin
- Exchange rate assumptions for 2012:
EUR/CHF: 1.22 USD/CHF: 0.90

	Actual FY 2010	Actual 2011	Guidance 2012
Revenue	112.8	124.7	155
EBIT	19.1	21.2	ca. 20
	M CHF	M CHF	M CHF

Upcoming events

- Latest registration date for AGM: April 18, 2012
- Annual General Meeting 2011: April 25, 2012
- Share traded ex dividend: April 27, 2012
- Dividend payout: May 3, 2012
- Half-year results 2012: September 6, 2012

Thank you!

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