



Born in 1997

We made our vision reality

**Annual results 2016
u-blox Holding AG**

March 16, 2017

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Disclaimer

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.

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Founders – Reaching for the stars

This year, u-blox celebrates its 20th anniversary. Three post-graduate students invent the world's smallest GPS module as part of their research at the Swiss Federal Institute of Technology and within a matter of months have teamed up with their professor and a well-wishing mentor and investor to found a company.

Over the last 20 years u-blox has grown from a handful of employees to an international public company with over 1000 employees.

Professor – Dr. Gerhard Tröster



My three assistants came into my office one day in 1997, and asked me how I felt founding a company to commercialize the GPS systems we were developing. I thought about it for a second and said, “Ok, let’s do it”. And that’s how it all started.

Business Angel – Hans-Ulrich Müller



One day in 1998, Professor Gerhard Tröster called me up to tell me about a small group of engineers who wanted to form their own company and to ask whether I would be interested in taking a seat on the board. I didn't hesitate for a second.

Agenda

- Introduction
- Operational highlights 2016
- Financial results 2016
- Business review
- Outlook
- Q&A

Operational highlights 2016

- **Revenue modestly up – EBIT strong expansion:** Revenue expanded modestly; EBIT improved strongly thanks to favourable product mix and continued cost improvements.
- **Wearables in Asia a strong growth driver:** Sales of children trackers and watches likewise rose solidly.
- **Strategic new products:** Launch of new products in all three product areas: Cellular, Short Range and Positioning.
- **First module and chipset from u-blox as a single supplier:** The pioneering LARA-R3121 module, designed from the ground up for the IoT based on the new u-blox R3 chipset for cellular connectivity.
- **Global expansion:** Expansion of personnel in many locations, larger office in Taiwan and in Tampere.

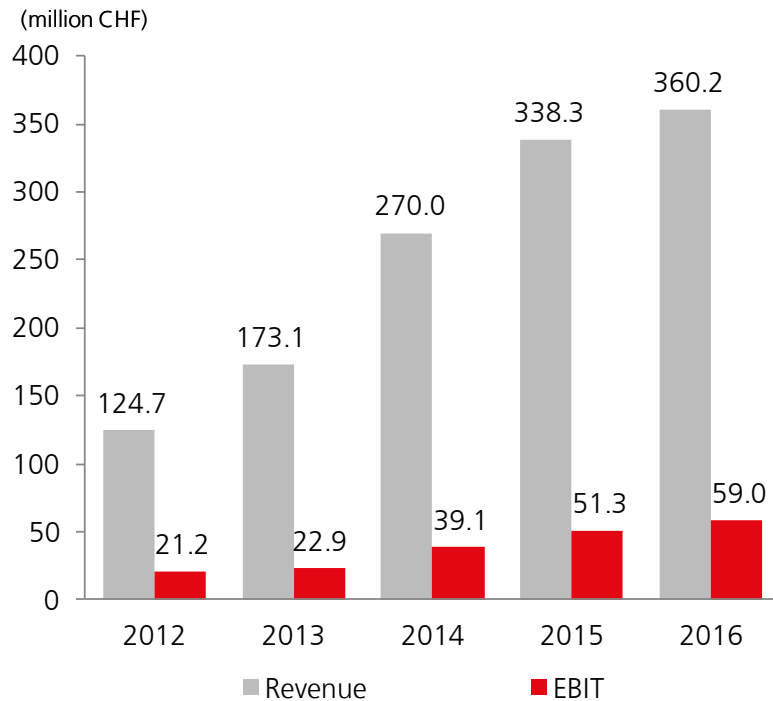
u-blox group

Key figures	Amount CHF	In relation to revenue	Change 2016 to 2015
Revenue	360.2m	-	6.5%
Gross profit	167.1m	46.4%	7.8%
EBITDA	81.8m	22.7%	3.9%
Operating profit (EBIT)	59.0m	16.4%	15.0%
Net profit, attributable to owners of the parent	46.2m	12.8%	24.5%
Net cash generated from operating activities	93.6m	26.0%	25.3%

Payout of a dividend of CHF 2.10 per share from capital reserves proposed

Revenue and EBIT

Revenue and EBIT

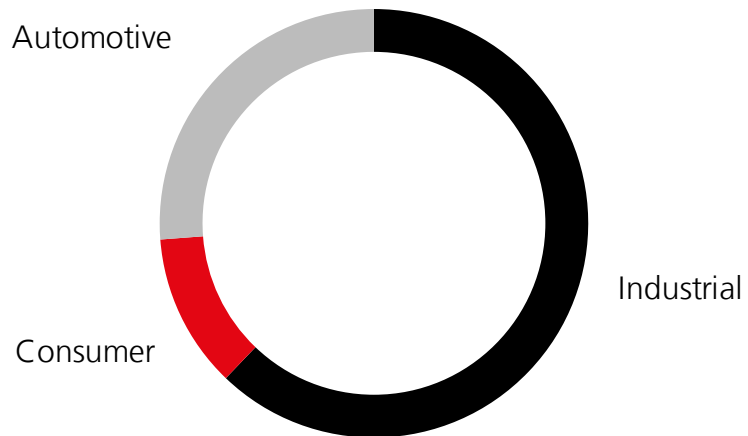


Comments

- Revenue growth of 6.5% compared to 2015, all organic growth
- At constant exchange rate: Revenue growth of 4.0%
- EBIT growth of 15.0% compared to 2015

Markets trends

Revenue split per market for 2016

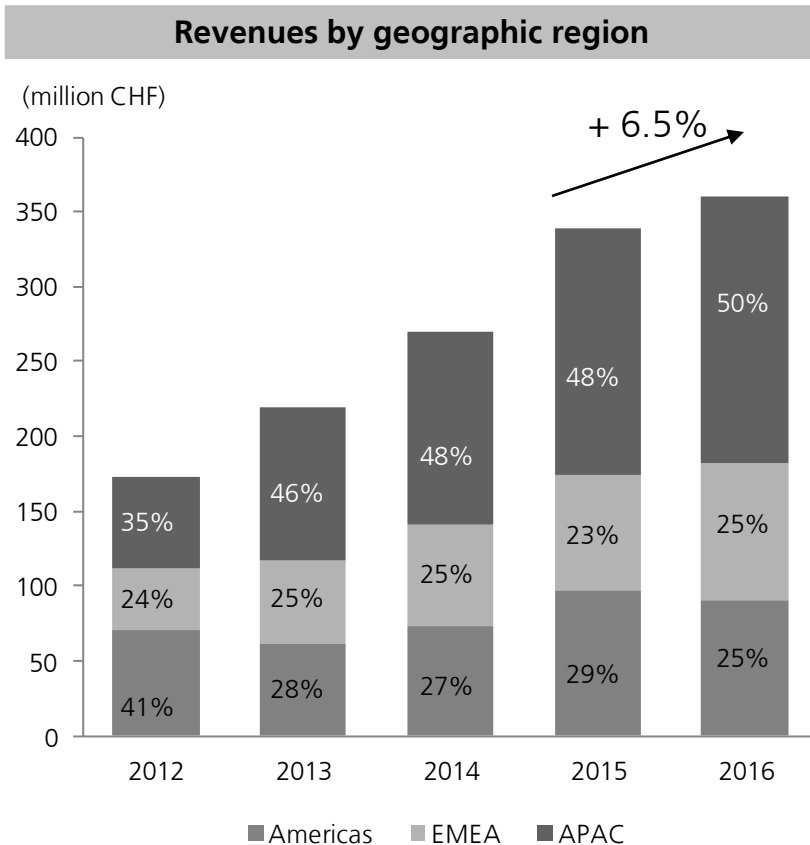


Note: Estimate

Comments

- Strong growth in consumer by ca. 25%
- Growth in industrial with fleet management, usage based insurance, timing, POS-terminals
- Flat business in Automotive

Revenues by geography



Comments

Revenue development according to billing location:

- Continued growth of 9% in APAC
- Strong growth of 19% in EMEA
- Decline of 7% in the Americas due to delayed investments of customers into mobility solutions

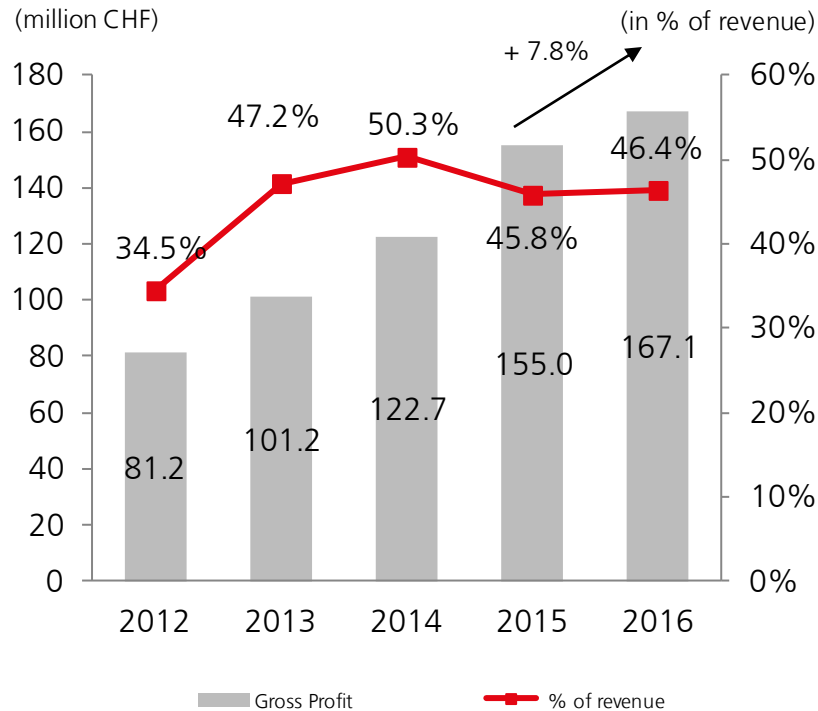
Fx-impact in growth was + 2.5% on total revenues:

- Neutral impact of EUR: 0.0%
- Positive impact of USD: + 2.9%
- Positive impact of JPY: + 13.2%

Note: based on customers' billing location

Gross profit

Gross profit / Gross profit margin

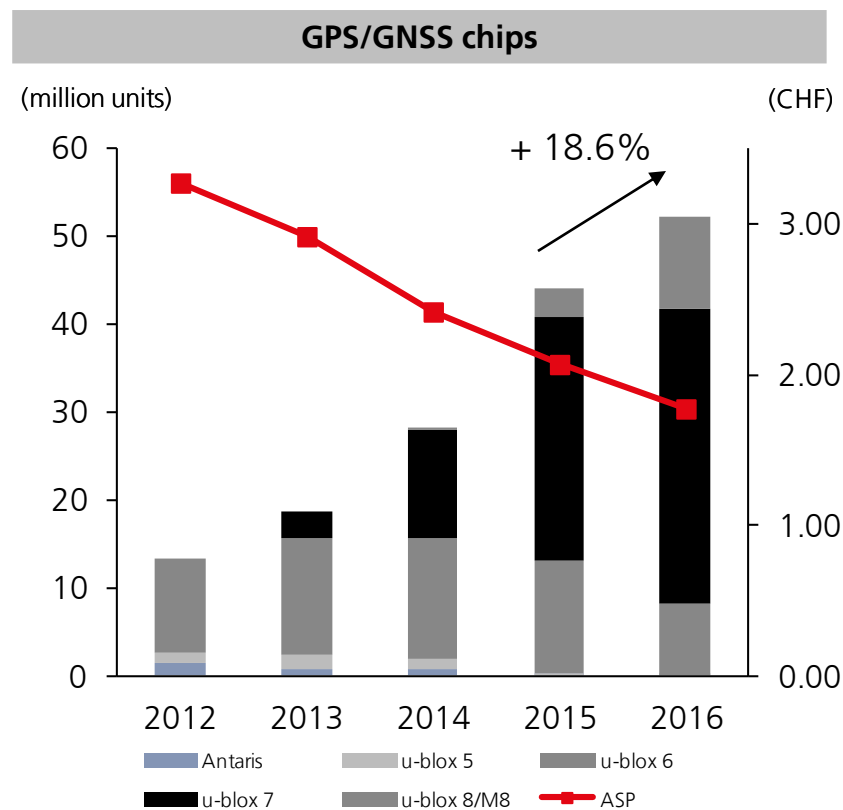
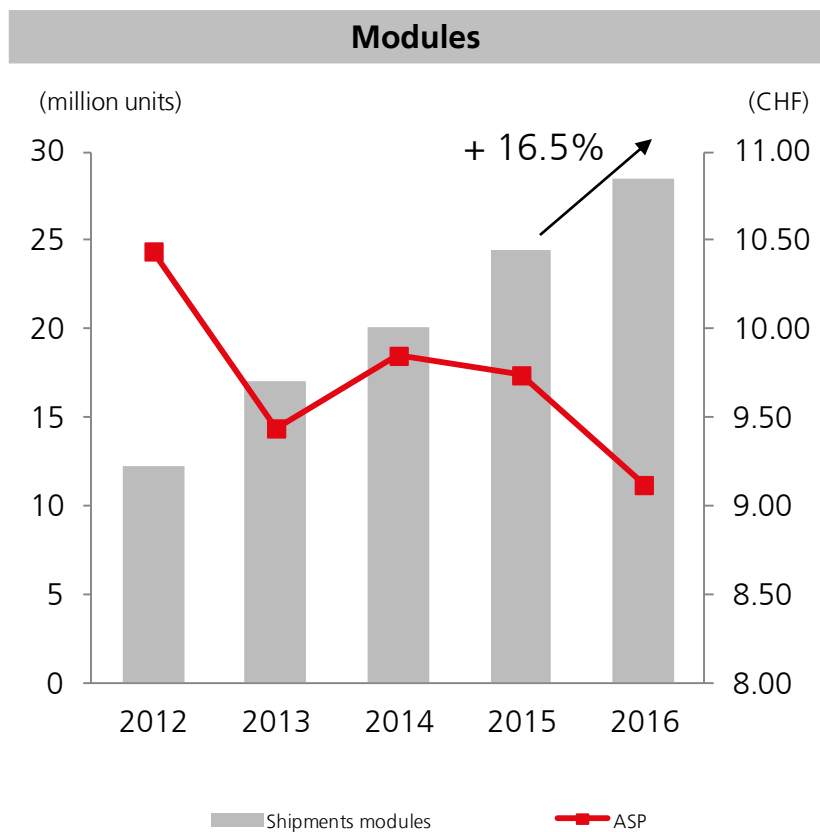


Comments

- Solid growth of gross profit by 7.8% to CHF 167.1m compared to 2015
- Gross profit margin in 2016 of 46.4% increased due to favorable product mix and continued product cost improvements

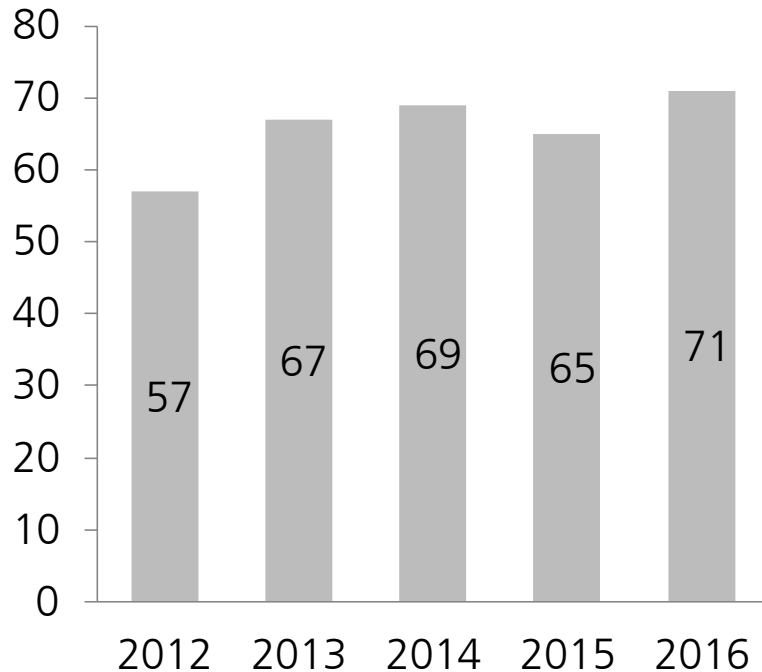
Shipments and ASP development

- Continued growth of chips and modules volume
- Shipments of u-blox 8/M8 chips ramping up
- Module ASP impacted by product mix



Global customer base

Number of customers totaling 80% of revenue

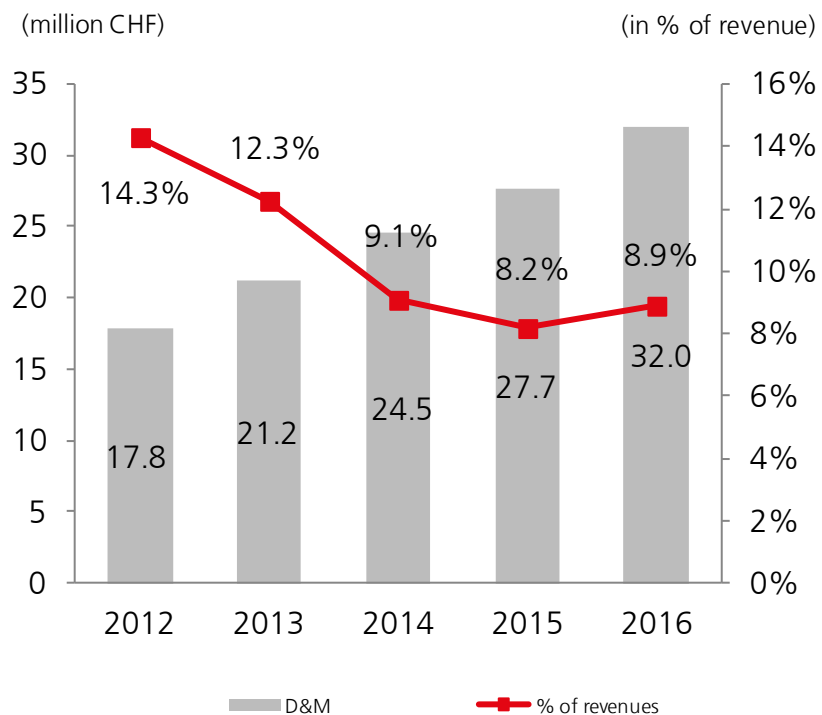


Comments

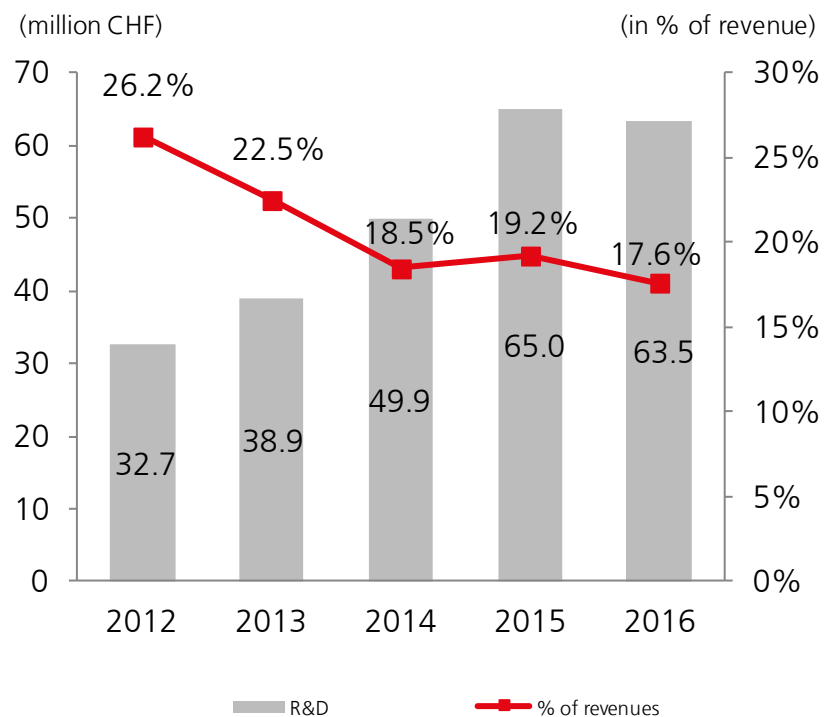
- Strong and stable customer base
- More than 5'700 customers worldwide
- Good spread over different applications and geographical regions
- Largest customer accounts for less than 6% of total revenue
- 10 biggest customers account for 35.1% of total revenue

Distribution & marketing / Research & development

Distribution & marketing expenses

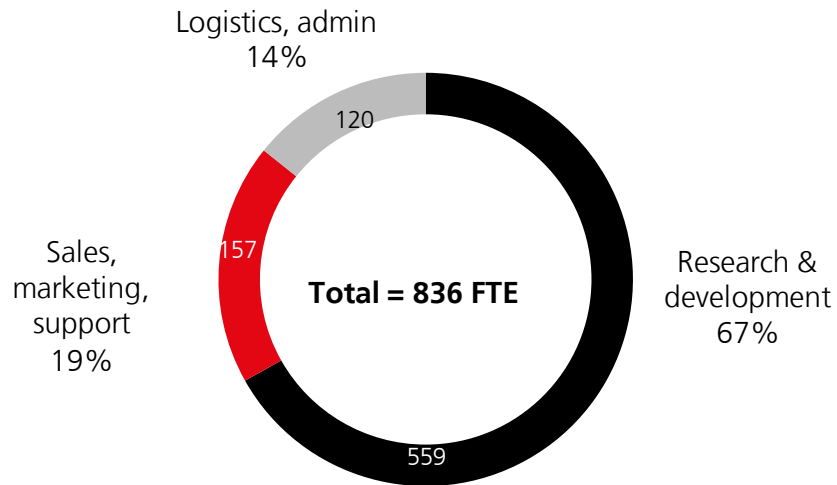


Research & development expenses



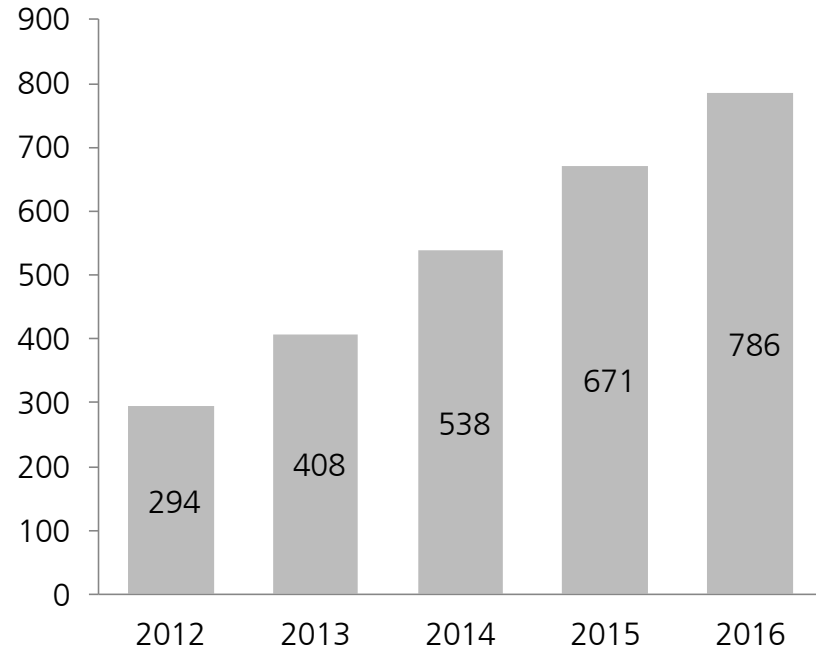
Employees

Employee breakdown (end of 2016, FTE based)



Average employee level (2012 – 2016, FTE based)

(Average FTE)



Note: 79.0% of employees based outside Switzerland (spread over 18 countries)

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,
	2016	2015	2016
	(audited)	(audited)	(unaudited)
Revenue	360'230	338'341	179'688
Cost of sales	-193'123	-183'323	-97'205
Gross profit	167'107	155'018	82'483
Operating expenses	-110'136	-106'201	-55'856
Other income	2'033	2'474	1'216
Operating profit (EBIT)	59'004	51'291	27'843
Finance income	4'337	996	123
Finance costs	-1'653	-4'674	-3'016
Profit before income tax (EBT)	61'688	47'613	24'950
Income tax expense	-15'488	-10'515	-6'453
Net profit, attributable to owners of the parent	46'200	37'098	18'497
Operating profit (EBIT)	59'004	51'291	27'843
Depreciation and amortization	22'762	27'421	11'301
EBITDA*)	81'766	78'712	39'144

*) 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.

Comments
<ul style="list-style-type: none"> • Revenue increase organic only • Increased gross profit by 7.8% • EBITDA margin slightly decreased to 22.7% • EBIT margin increased to 16.4% • Share based payment cost in the amount of CHF 7.0m included in OPEX • Finance costs contains unrealized/realized foreign exchange gains of CHF 3.6m and the bond interest • Tax rate of 25.1% due to flat share price development, which reduces option expense in local tax declaration resulting in negative impact on the tax rate

Segment information

(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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue third	360'070	337'956	160	385	360'230	338'341			360'230	338'341
Revenue intragroup			25'874	25'732	25'874	25'732	-25'874	-25'732	0	0
Total revenue	360'070	337'956	26'034	26'117	386'104	364'073	-25'874	-25'732	360'230	338'341
EBITDA *)	74'848	73'184	6'512	6'707	81'360	79'891	406	-1'179	81'766	78'712
Depreciation	-6'176	-6'192	-2'116	-1'835	-8'292	-8'027			-8'292	-8'027
Amortization	-14'416	-16'232	-54	-404	-14'470	-16'636			-14'470	-16'636
Impairment		-2'758			0	-2'758			0	-2'758
Operating profit (EBIT)	54'256	48'002	4'342	4'468	58'598	52'470	406	-1'179	59'004	51'291
Finance income									4'337	996
Finance costs									-1'653	-4'674
EBT									61'688	47'613
	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Assets	242'879	240'232	21'366	14'956	264'245	255'188	160'627	131'655	424'872	386'843
Liabilities	110'218	126'695	16'270	5'705	126'488	132'400	13'657	6'122	140'145	138'522
additions to non-current assets	46'650	48'936	2'874	1'535	49'524	50'471			49'524	50'471

*) 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.

Statement of financial position (1)

Statement of financial position (condensed)

(in CHF 000s)	Dec. 31, 2016 (audited)	Dec. 31, 2015 (audited)	June 30, 2016 (unaudited)
ASSETS			
Current assets			
Cash and cash equivalents	149'545	112'387	30'390
Marketable securities	7'573	11'659	24'920
Trade accounts receivable	39'792	43'790	35'179
Other current assets	42'670	51'933	38'558
Total current assets	239'580	219'769	129'047
Non-current assets			
Property, plant and equipment	15'774	14'708	13'824
Goodwill	54'104	56'716	53'512
Other Intangible assets	111'905	88'042	58'864
Financial assets	1'074	678	480
Deferred tax assets	2'435	6'930	6'104
Total non-current assets	185'292	167'074	132'784
Total assets	424'872	386'843	261'831

Comments

- Very strong financial position with a liquidity (incl. marketable securities) of CHF 157.1m
- Inventory CHF 39.8m (thereof WIP CHF 5.8m)
- Goodwill reduced due to lower EUR/CHF rate
- Increase of intangible assets due to capitalization of growing R&D expenses

Statement of financial position (2)

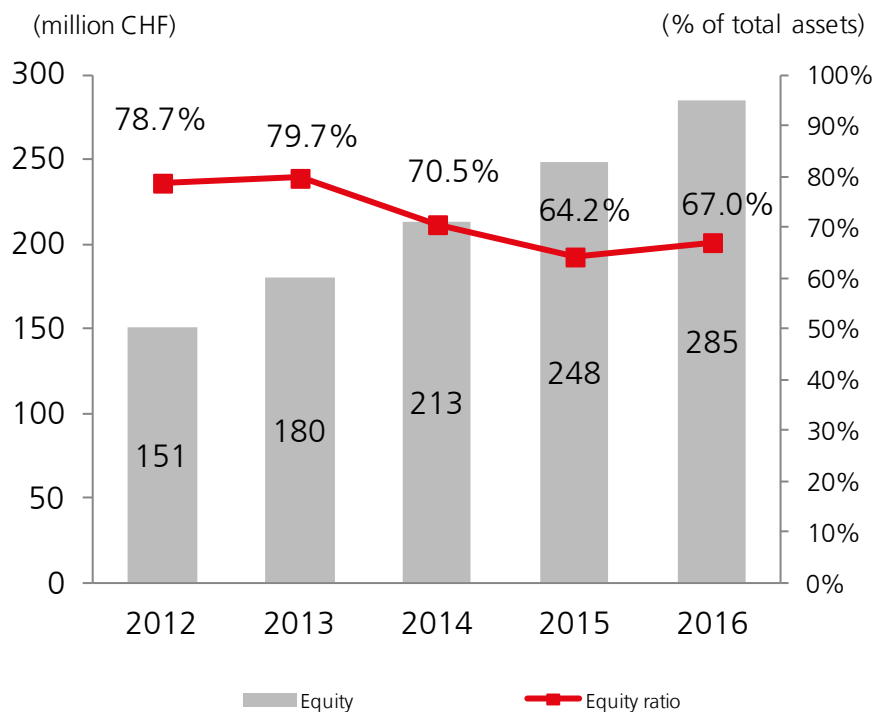
Statement of financial position (condensed)			
(in CHF 000s)	Dec. 31, 2016	Dec. 31, 2015	June 30, 2016
	(audited)	(audited)	(unaudited)
LIABILITIES AND EQUITY			
Current liabilities	59'098	55'405	56'017
Non-current liabilities	81'047	83'117	14'615
Total liabilities	140'145	138'522	70'632
Shareholders' equity			
Share capital	6'152	6'053	5'899
Share premium	74'387	84'006	88'340
Retained earnings	204'188	158'262	96'960
Total equity, attributable to owners of the parent	284'727	248'321	191'199
Total liabilities and equity	424'872	386'843	261'831

Comments

- Trade accounts payable of CHF 19.4m
- Non-current liabilities contains bond, provisions, deferred tax liabilities and pension liabilities
- Bond issued in 2015 the amount of CHF 60m (6 years, interest 1.625%) for providing financial flexibility
- Share capital increase due to exercise of options

Statement of financial position

Total equity and equity ratio



Comments

- Strong equity ratio with 67.0%
- Payout of a dividend of CHF 2.10 per share proposed to the Annual General Meeting
 - Increase by 11% from 2015
 - Dividend payout ratio: 31% of net profit, similar to previous year

Statement of cash flows

Consolidated cash flow Statement (condensed)

Condensed consolidated statement of cash flows

(in CHF 000s)	For the year ended December 31,	
	2016	2015
Net cash generated from operating activities	93'559	74'659
Net cash used in investing activities	-45'711	-33'367
Net cash provided by / used in financing activities	-10'515	33'776
Net increase in cash and cash equivalents	37'333	75'068
Cash and cash equivalents at beginning of year	112'387	37'662
Exchange gains/(losses) on cash and cash equivalents	-175	-343
Cash and cash equivalents at end of year	149'545	112'387

Comments

- Strong operational cash flow with 26.0% of revenues (increase by 25% from 2015)
- Investing activities:
 - CHF 39.8m investments into intangible assets, mainly capitalized R&D expenses and intellectual property
 - CHF 9.7m investments into fixed assets
 - CHF 3.7m net proceeds from marketable securities
 - CHF 0.2m interest received
- Financing activities:
 - CHF 12.9m dividend 2015 payment
 - CHF 3.4m proceeds from issuance of ordinary shares
 - CHF 1.0m bond interest payment

Business review



Product launches highlights

CELLULAR CEL



SARA-N2

The world's first Narrowband IoT module combines global connectivity with over ten years' battery life for low-data-rate IoT applications.



LARA-R3

u-blox's first own chipset underscores u-blox's commitment to delivering the industry's prime IoT cellular connectivity.

SHORT RANGE SHO



NINA-B1

Ideal for a vast range of IoT connected sensors, from building automation and telematics to monitoring and control systems.



LILY-W1

The Wi-Fi transceiver module measures just 10 x 14 mm and provides Wi-Fi connectivity for an increasing range of LTE-compatible products.

POSITIONING POS



NEO-M8P

Centimeter-level positioning accuracy and the smallest GNSS RTK module available.



NEO-M8U

The industry's first untethered 3D dead reckoning module combines multi-GNSS with an onboard 3D gyro/accelerometer.

LARA-R3 – u-blox LTE modem technology



- 3GPP Release 10, plus relevant IoT features from Release 11, 12 and 13



- Low power Category 1 data rate (10 Mb/s downlink, 5 Mb/s uplink)



- Comprehensive radio frequency support for wide area coverage



- Optimized for single-mode operation in IoT markets
 - Feature-set designed for professional markets
 - Soft-modem platform for fast feature update



- Integrated GNSS positioning engine



- u-blox trusted domain security an integral part of the u-blox solution
 - Full technology ownership ensures comprehensive security implementation

Customer highlights (1)

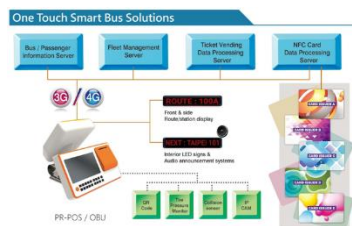
Expanded our relationships with 5700 customers. In many instances customers use several of our technologies.



Cobilsys, South Korea

Asset tracking device

Products: EVA-M8M and SARA-U270



Baoruh Electronic, Taiwan

POS One smart bus solution

Products: NEO-M8U and ELLA-W131



REYAX Technology, Taiwan

Industrial router platform

Products: EVA-M8M, TOBY-L2 and ELLA-W131

Customer highlights (2)



Nikken, Japan **Trackable pallet**

Products: LISA-U200-62S
and EVA-7M



Voice Caddie, South Korea **Golf range finders**

Products: UBX-G7020-KT and
UBX-M8030-KT



Stesalit Systems Ltd. **Handheld GNSS device** **protecting forests and wildlife**

Product: M8 GNSS chip

Continued high customer satisfaction

- FELA Management AG specializes in telematics solutions for the mobile sector and is a leading provider of logistics, transport and electronic payment systems.
- FELA first approached u-blox in 1998 with a request for 60,000 MS1E GPS modules for a new device designed to administer the Swiss road freight toll scheme.
- Today, FELA use u-blox's GPS and wireless technology for assets such as trucks, containers, railway wagons and trailers, as well as fleet management
- Why did FELA choose u-blox?
 - Undisputed quality of u-blox products
 - FELA can always rely on u-blox's customer support and ready access to the company's expertise

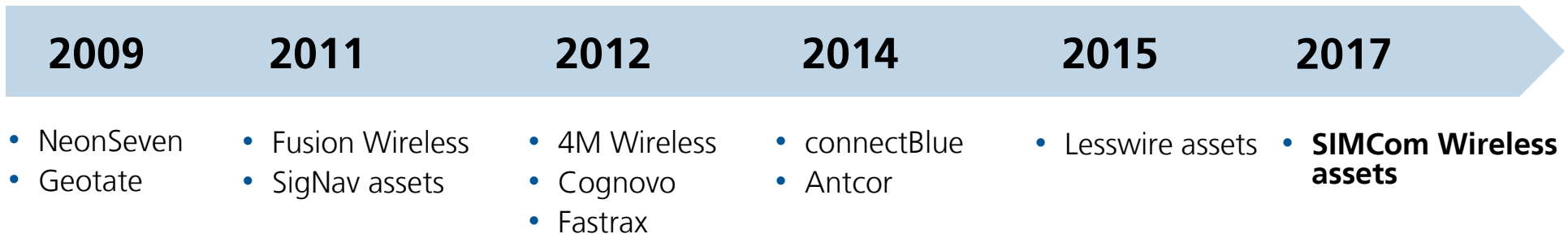


«Car loc» for fleet management



Strategy

Acquisition for accelerating business growth



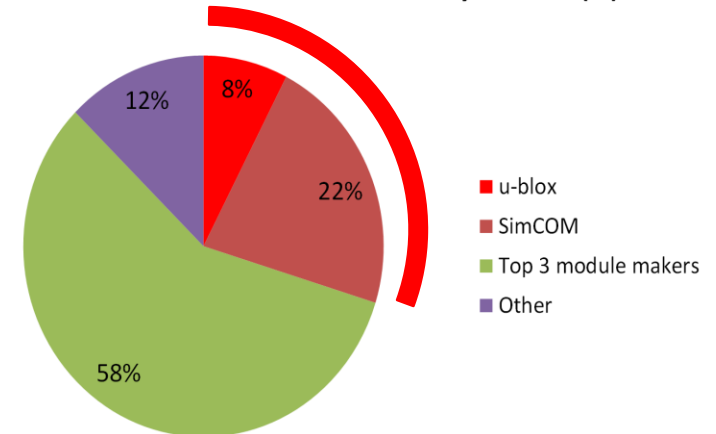
SIMCom Wireless

- Acquisition of SIMCom Wireless assets from existing shareholders
- SIMCom Wireless is part of SIMTech Group Ltd.
- SIMTech Group is publically traded on Hong Kong Stock Exchange
- Asset deal includes purchase of customers, products, team, patents and copyrights
- Acquisition price USD 52.5M
- Cash purchase
- Target close date: March 31, 2017

With SIMCom acquisition now the volume leading supplier of cellular modules

2G	3G	Low LTE	High LTE
MEDIATEK	QUALCOMM	QUALCOMM	QUALCOMM
GPRS	WCDMA	Cat 1	Cat 3
SIM8xx Series	SIM52xx Series	SIM75xx Series	SIM71xx Series
	SIM53xx Series		Cat 4
	CDMA		SIM76xx Series
	SIM2000C		
	SIM6320C		

2015 Cellular M2M Market Share by Volume (%)

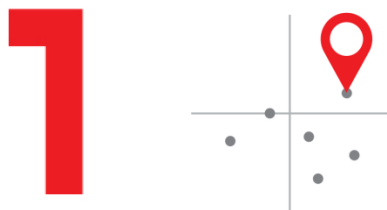


Shipment World Market Share

Source: ABI 2016

Strategic priorities 2017 (1)

Market position



Outlook 2017

- Develop range of products aimed at replacing legacy cellular technology in IoT applications calling for a long service life and low data rates
- Introduce high-precision location technology to the mass market

Technology & Innovation



Outlook 2017

- Develop low-data-rate NB-IoT and RPMA modules for IoT applications
- Offer tools and development environments that enable shorter time to market
- Roll out u-blox' principles for security across the company

Strategic priorities 2017 (2)

Operational excellence



Outlook 2017

- Use economies of scale to reduce cost-to-revenue ratio as company expands
- Exploit multiple sourcing agreements to make supply chain more robust

Strategic partnerships & acquisition opportunities



Outlook 2017

- Build on relations with major global cellular operators around low-data-rate products announced in 2016
- Continue to review potential acquisitions that will strengthen our product portfolio and technology base, and extend global reach

A photograph of a modern glass office building. A man in a light blue shirt and dark pants stands on a wooden deck, looking at his phone. The building has large glass windows and a red wall on the right. The scene is set in a lush green environment with trees and a wooden fence in the background. The word "Outlook" is written in blue text on a white background in the upper right corner.

Outlook

Outlook

Goals

- Grow business with new products
 - Wireless
 - Expansion of module product line for 3G and 4G
 - Integrate SIMCom business
 - Positioning
 - Business growth based on u-blox M8
 - Announcement of new products
 - Short Range
 - Launch continually new products
 - Expand with trend for many IoT applications
- Continued focus on strategic development
- Strengthening of the global presence
- Operational excellence for higher efficiency

Financial performance outlook 2017

- Continued strong business growth in 2017
- Impact by product mix on relative gross margin
- Natural hedging protects relative gross margin against foreign exchange variations
- Integration of SIMCom assets

	Actual FY 2015	Actual FY 2016	Guidance 2017^{*)}
Revenue	338.3m	360.2m	485m...515m
EBIT	51.3m	59.0m	60m... 65m
	CHF	CHF	CHF

^{*)} This guidance is based on the absence of unforeseen economic adversity and exchange rates assumed at budget level. Includes acquisition of SIMCom.

Exchange rate assumptions for 2017:
 EUR/CHF: 1.07 USD/CHF: 1.02 GBP/CHF: 1.23

- FX-sensitivity against CHF on Guidance 2017

+10% of	USD	EUR	GBP
Revenue	+ 8.6%	+ 1.3%	0%
EBIT	+ 21.1%	+ 1.0%	- 2.0%

Upcoming events

- Latest registration date for AGM: April 18, 2017
- Annual General Meeting: April 25, 2017
- Shares traded ex dividend: April 27, 2017
- Dividend payout: May 3, 2017
- Half-year results 2017: August 25, 2017

locate, communicate, accelerate



Thank you!

