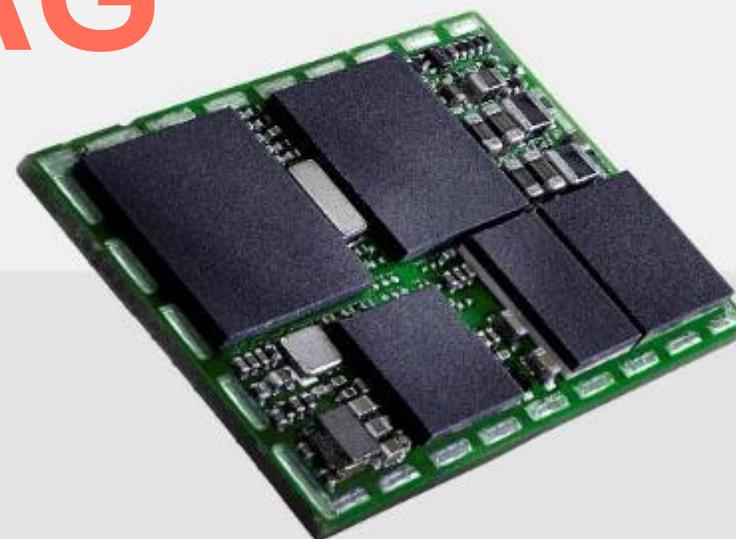


2018 Results

u-blox Holding AG

March 15, 2019

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.

u-blox is providing the information in this presentation as of this date and does not undertake any obligation to update any forward-looking statements contained in it as a result of new information, future events or otherwise.

Agenda



Our Vision

Highlights 2018

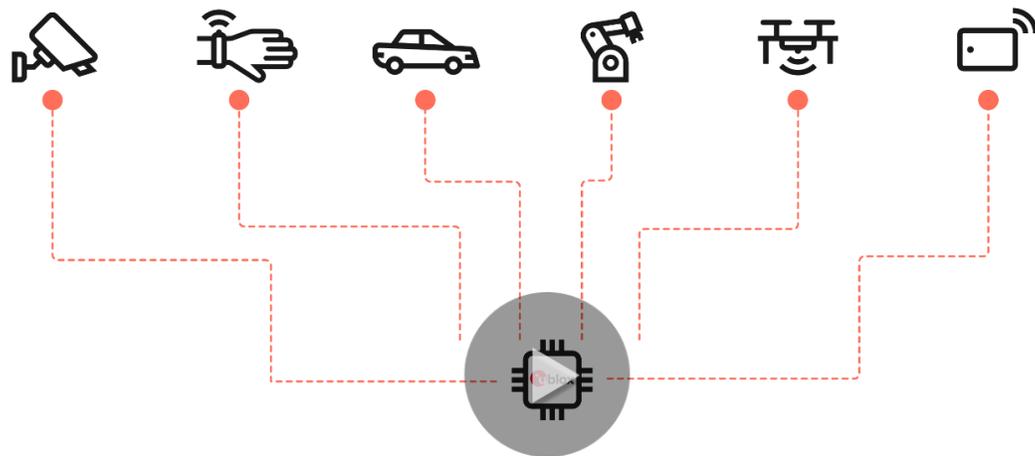
Financial results 2018

Business review

Outlook

Q&A

Our vision



We deliver leading wireless technology to reliably locate and connect people and devices.

We are convinced that the Internet of Things will change every aspect of our societies, our businesses, and our everyday lives.

That's why we develop reliable and innovative positioning and wireless communication solutions that securely connect vehicles, industries, things, and millions of people around the world.

Megatrends are driving our growth



246m

Mobility

More and more automation enables the autonomous driving car.

A quarter billion connected cars delivered between 2019 – 2023.

BI Intelligence 2018



2bn

Industry 4.0

Automation is linked with the cloud for closer control loops that enhance process efficiency.

More than 2 billion connected devices in 2023.

BI Intelligence 2018



1bn

Urbanization

Infrastructure becomes smart for better usage and service of the increasing population living in cities.

1 billion smart meters installed between 2019 - 2023.

ABI research 2018



500m

New health

The cloud delivers services to the mobile users and enhances insights into a healthy life.

Over a half billion sports and wellness trackers will be sold in the next 5 years (2019-2023).

TSR 2018

The future will be connected

Exciting technologies form our intellectual property



Mobility



Industry 4.0



Urbanization



New Health



Connected Vehicle



Connected Industry



Connected City



Connected Consumer

Highlights 2018

Resilient business model



- Financial performance reflects a difficult environment in 2018
- Market conditions remain favorable
 - EMEA on continued expansion – we achieved 21% growth in 2018
 - Americas declined slightly by 6% as some customers were delaying the migration to LTE based connectivity
 - APAC grew except in China: short-term decline of 13%
 - We expect growth in all regions in 2019
- Important product launches in 2018
- R&D pipeline expanded – significant product launches ahead

Financial highlights 2018

A year of transition to the next growth phase



- 2.6% revenue decrease as compared to 2017
- Gross profit down by 3.7%
- R&D efforts continued at high pace
- EBITDA and EBIT at guided level: CHF 71.6m resp. CHF 48.4m
- Positive Free Cash Flow (before changes in NWC) of CHF 5.2m
- Reduced cash flow from operating activities
 - Temporary increase in working capital to assure delivery reliability
- Strong product innovation
 - 9 new cutting-edge products launched
 - Strong business opportunity pipeline

Results u-blox group 2018: Overview



Key figures		Amount CHF	In relation to revenue	Change 2018 to 2017
Revenue		393.3m	-	-2.6%
Gross profit	adjusted ¹⁾	177.9m	45.2%	-3.7%
	IFRS reported	177.1m	45.0%	-3.7%
EBITDA	adjusted ¹⁾	81.2m	20.7%	-16.9%
	IFRS reported	71.6m	18.2%	-18.0%
Operating profit (EBIT)	adjusted¹⁾	60.4m	15.4%	-22.6%
	IFRS reported	48.3m	12.3%	-25.8%
Net profit, attributable to owners of the parent	adjusted ¹⁾	48.2m	12.2%	-21.7%
	IFRS reported	38.5m	9.8%	-24.9%
Net cash generated from operating activities		36.3m	9.2%	-39.9%
			in relation to total assets	
Cash		136.3m	24.6%	
Equity		348.9m	63.1%	
Payout of a dividend of CHF 1.60 per share from capital reserves proposed				

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

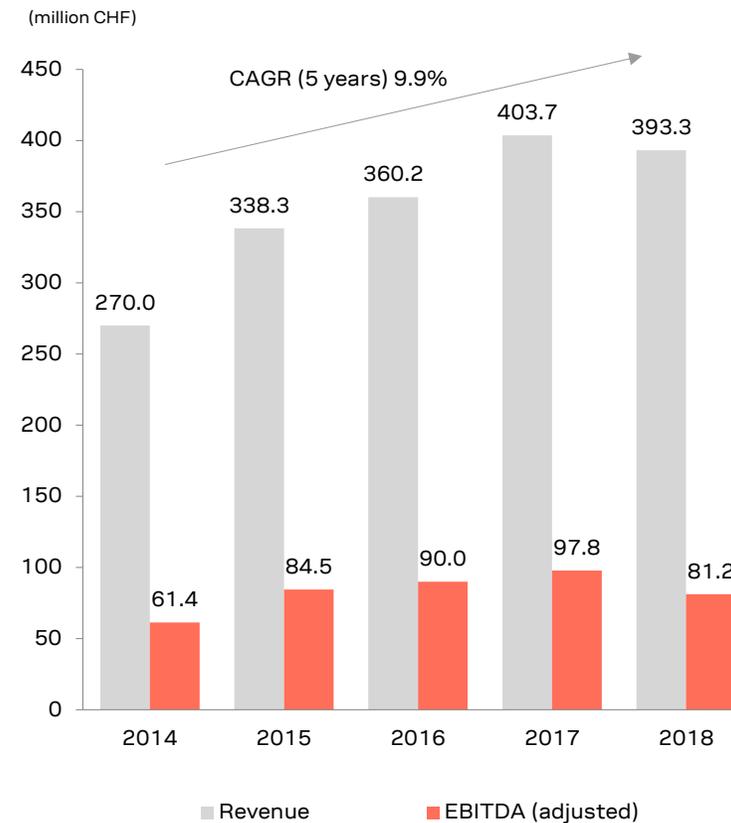
Revenue and EBITDA



Comments

- Revenue slightly below guidance and prior year (-2.6% compared to 2017)
- Currency impact on revenues
 - at 2017 rates: +0.2%
 - at guidance rates: -0.2%
- EBITDA (adjusted) of 20.7%

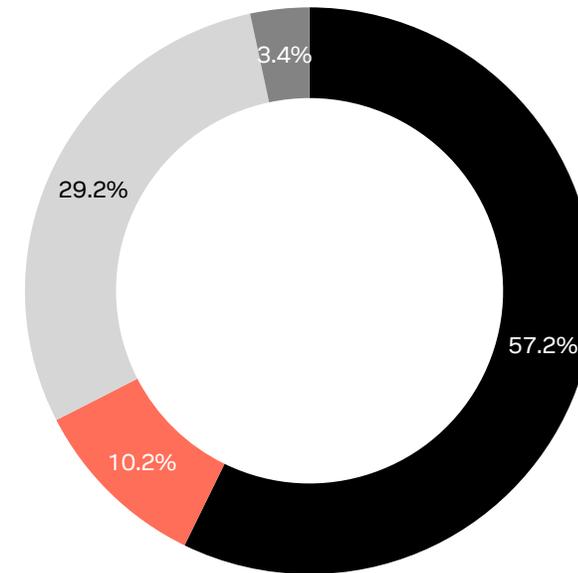
Revenue and EBITDA (adjusted)



Comments

- Consumer market soft
- Automotive market stable
 - In-car navigation
 - In-car connectivity
- Industrial markets expanding
 - Infrastructure
 - Telematics

Revenue split per market for 2018



■ Industrial ■ Consumer ■ Automotive ■ Not assigned

Note: Estimate

Revenues by geography

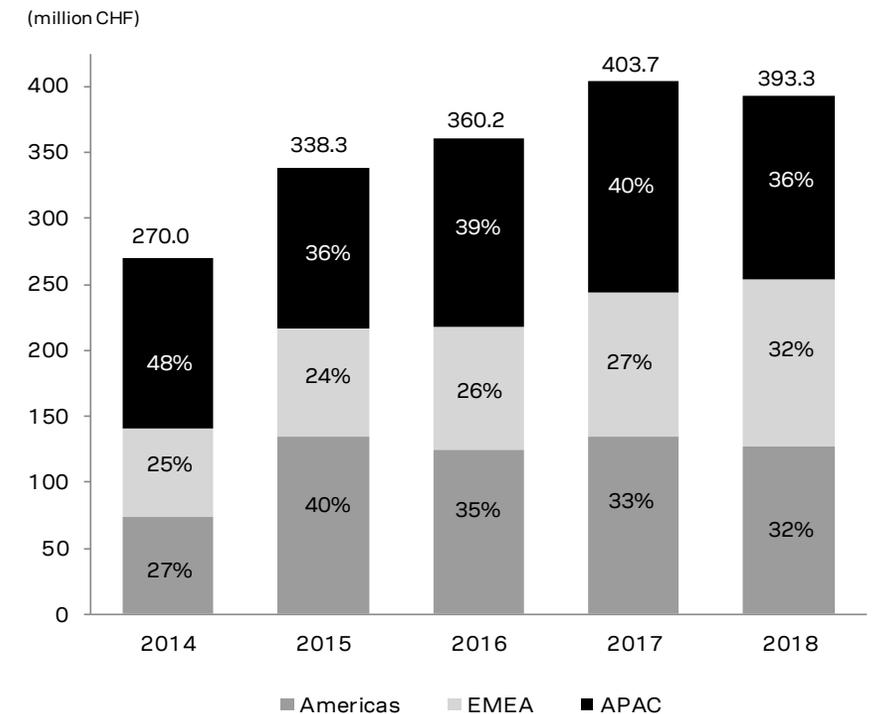


Comments

Growth in geographic regions compared to 2017:

- EMEA: +20.5%: Strong growth with expanding customer base and high interest in IIoT
- Americas: -6.3%: Impacted by network readiness delays
- Asia Pacific: -13.3%.
 - Decline in revenue in APAC due to market regulation influencing some consumer applications in China
 - Sino-American trade tensions - vanishing now
 - China business rebounded in the second half year

Revenues by geographic region



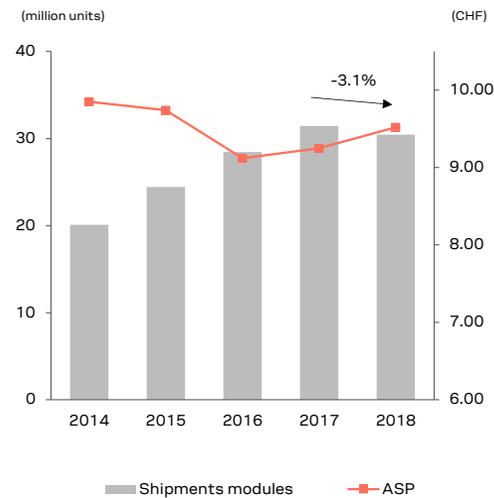
Note: based on reporting area

Shipments and ASP development

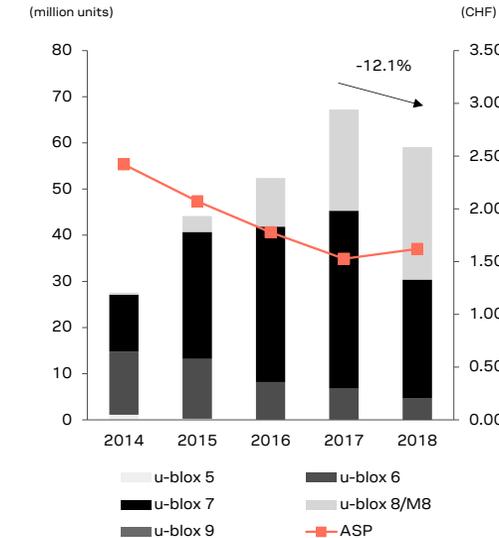


- Decline in modules and chipsets due to the negative impacts in China
- Strong growth with u-blox 8/M8
- Module and chip ASPs increased

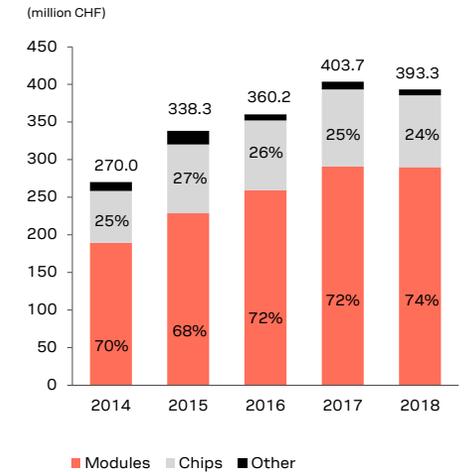
Modules



GNSS Chips



Revenue



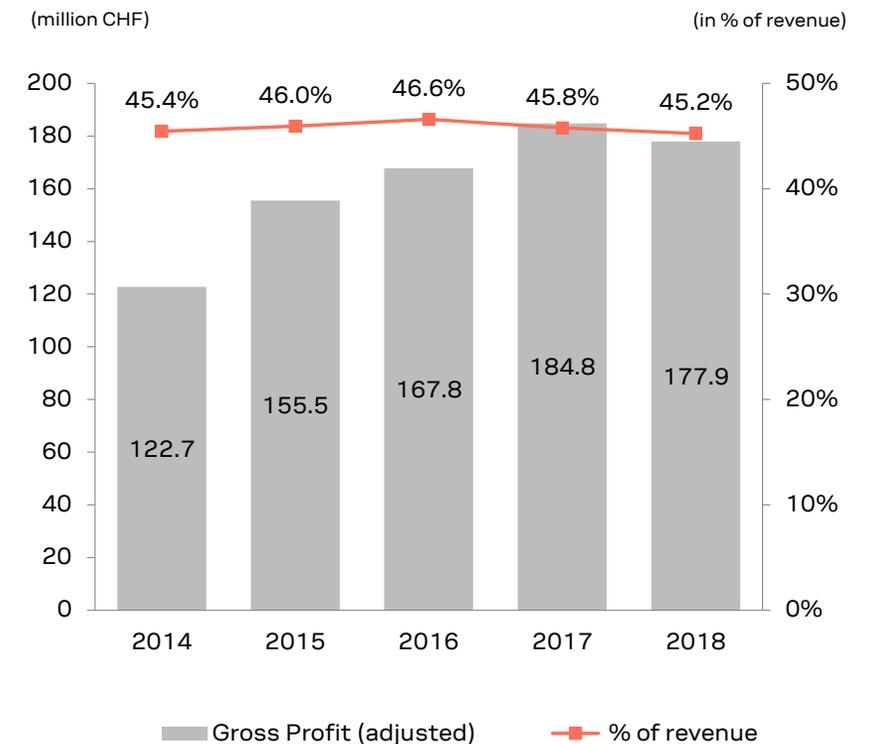
Gross profit



Comments

- Gross profit (adjusted) of CHF 177.9 million
- Gross profit margin (adjusted) slightly declined due to changes in product mix
 - CEL takes higher share in revenue
 - Highest ASP
 - Lowest gross margin of all three technologies

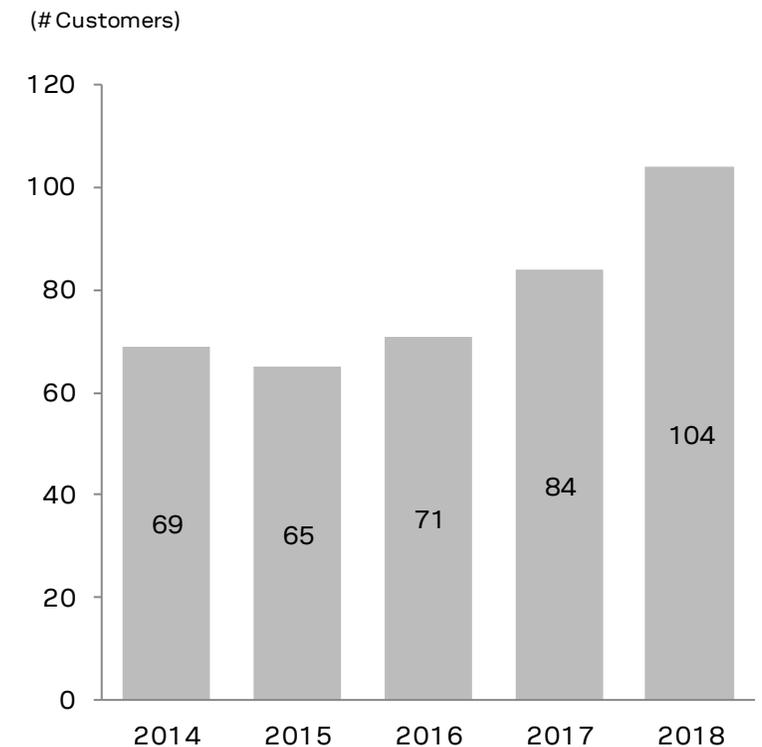
Gross profit (adjusted) Gross profit margin (adjusted)



Comments

- Strong and stable customer base, now serving 6'900 customers worldwide (2017: 6'100 customers)
- Continued wide spread across different applications and geographical regions
- Customer dependency further reduced
 - 104 customers total 80% of revenue
 - Largest customer accounts for less than 3.7% of total revenue in 2018
- 10 biggest customers account for 26.5% of total revenue in 2018

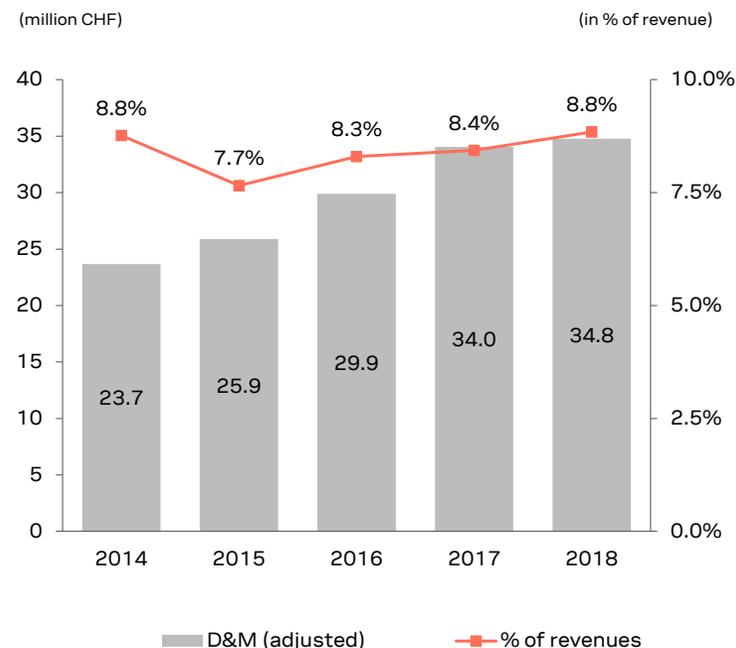
Number of customers totaling 80% of revenue



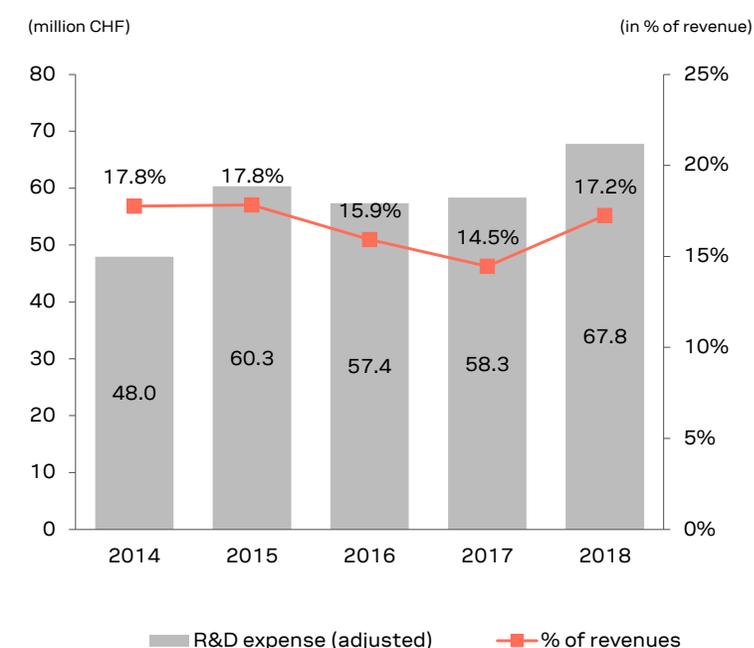
Comments

- OPEX rates increased due to
 - base effect – revenue lower than expected
- D&M expenses (adjusted) were stable compared to 2017
- R&D expenses (adjusted)
 - R&D effort is adjusted on a long term horizon of expected average growth of gross margin
 - R&D pipeline fully maintained with several important new platforms

D&M expenses (adjusted)



R&D expenses (adjusted)

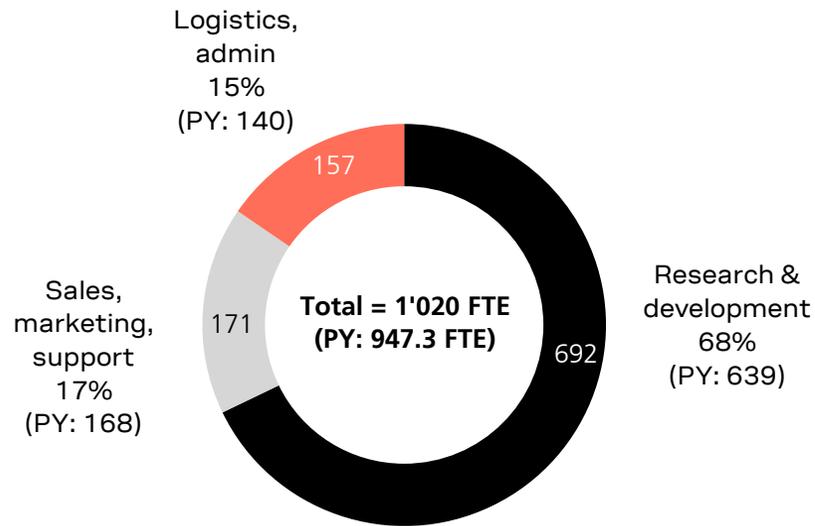


Employment



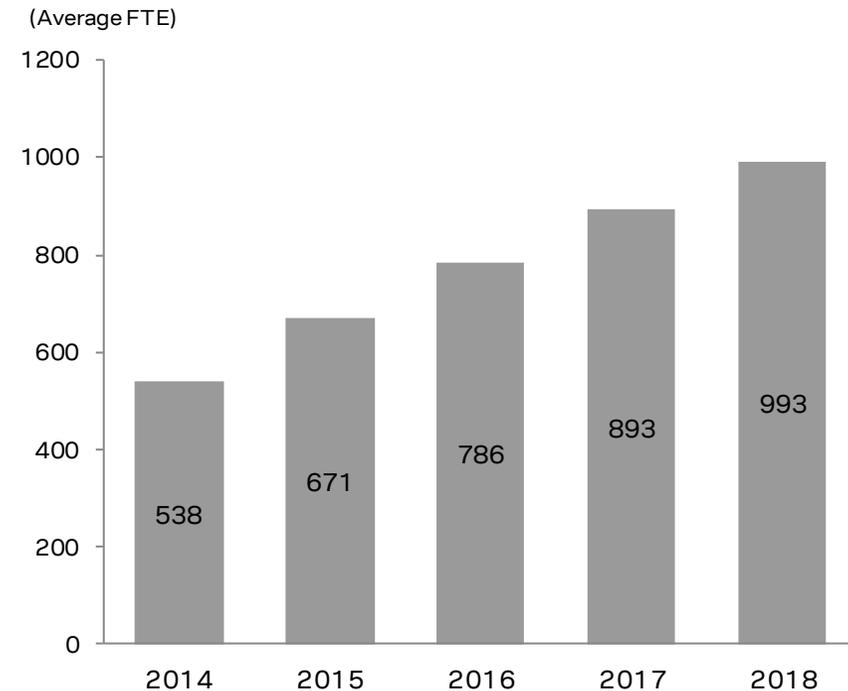
Long term vision for innovation with continued investment in people and expertise.

Employee breakdown (end of 2018, FTE based)



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

Average number of employees (FTE based)



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

Comments to adjusted numbers

- Adjustments are share based payments of CHF 8.4 million, pension impact of IAS-19 of CHF 1.2 million, and amortization of intangible assets acquired of CHF 2.5 million
- OPEX 29.9% of revenue (2017: 26.4%)
- EBITDA margin of 20.7% (2017: 24.2%)
- EBIT margin of 15.4% (2017: 19.3%)
- Financial result consists mainly of unrealized foreign exchange gains and the interest for the two bonds
- Tax rate of 20.0% (2017: 20.8%)
- Net profit margin of 12.2% (2017: 15.2%)

(in CHF 000s)	Jan - Dec 2018		Adjustments ²⁾	Jan - Dec 2018		Jan - Dec 2017	
	(IFRS)	% revenue		(adjusted)	% revenue	(adjusted)	% revenue
Revenue	393'269	100.0%		393'269	100.0%	403'712	100.0%
Cost of sales	-216'151	-55.0%	809	-215'342	-54.8%	-218'901	-54.2%
Gross Profit	177'118	45.0%	809	177'927	45.2%	184'811	45.8%
Distribution and marketing expenses	-36'966	-9.4%	2'184	-34'782	-8.8%	-34'049	-8.4%
Research and development expenses	-74'925	-19.1%	7'107	-67'818	-17.2%	-58'345	-14.5%
General and administrative expenses	-20'755	-5.3%	2'011	-18'744	-4.8%	-16'295	-4.0%
Other income	3'818	1.0%		3'818	1.0%	1'921	0.5%
Operating Profit (EBIT)	48'290	12.3%	12'111	60'401	15.4%	78'043	19.3%
Finance income	5'305	1.3%		5'305	1.3%	5'668	1.4%
Finance costs	-2'158	-0.5%		-2'158	-0.5%	-5'652	-1.4%
Share of profit of equity-accounted investees, net of taxes	-3'339	-0.8%		-3'339	-0.8%	-400	-0.1%
Profit before income tax (EBT)	48'098	12.2%	12'111	60'209	15.3%	77'659	19.2%
Income tax expense	-9'617	-2.4%	-2'422	-12'039	-3.1%	-16'134	-4.0%
Net profit, attributable to owners of the parent	38'481	9.8%	9'689	48'170	12.2%	61'525	15.2%
Earnings per share in CHF	5.58			6.99		8.91	
Diluted earnings per share in CHF	5.56			6.96		8.81	
Operating Profit (EBIT)	48'290	12.3%	12'111	60'401	15.4%	78'043	19.3%
Depreciation and amortization	23'356	5.9%	-2'512	20'844	5.3%	19'780	4.9%
EBITDA¹⁾	71'646	18.2%	9'599	81'245	20.7%	97'823	24.2%

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 and amortization of intangible assets acquired

Segment information



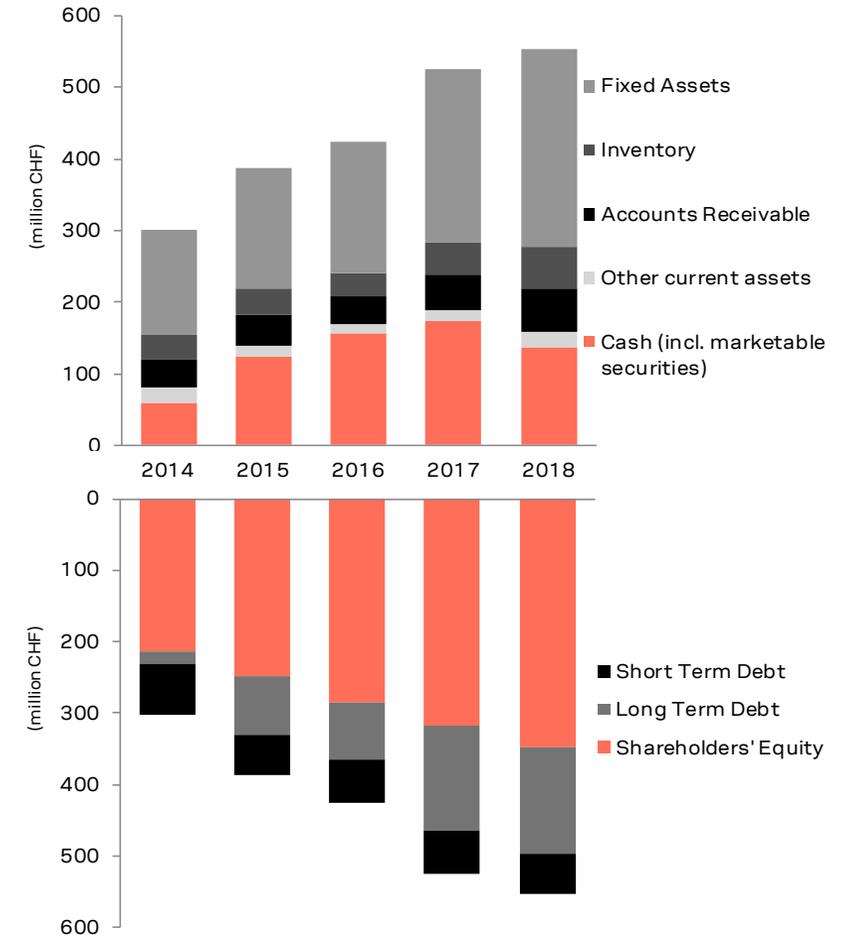
(in CHF 000s)	Positioning and wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
	January - December		January - December		January - December		January - December		January - December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue third parties	393'000	403'510	269	202	393'269	403'712			393'269	403'712
Revenue intragroup			31'178	32'600	31'178	32'600	-31'178	-32'600	0	0
Total revenue	393'000	403'510	31'447	32'802	424'447	436'312	-31'178	-32'600	393'269	403'712
EBITDA ^{*)}	68'616	84'720	3'098	2'894	71'714	87'614	-68	-238	71'646	87'376
Depreciation	-6'650	-6'709	-2'653	-2'559	-9'303	-9'268			-9'303	-9'268
Amortization	-14'023	-12'852	-30	-42	-14'053	-12'894			-14'053	-12'894
Impairment		-128			0	-128			0	-128
Operating profit (EBIT)	47'943	65'031	415	293	48'358	65'324	-68	-238	48'290	65'086
Finance income									5'305	5'668
Finance costs									-2'158	-5'652
Share of profit of equity-accounted investees, net of taxes									-3'339	-400
EBT									48'098	64'702

Statement of financial position



Comments

- Strong financial position with a liquidity (incl. marketable securities) of CHF 137.7m (Dec. 2017: CHF 172.4m)
- Inventory CHF 57.5m (Dec. 2017: CHF 44.2m) temporarily increased to ensure delivery reliability
- Trade receivables CHF 60.8m (Dec. 2017: CHF 50.4m) increased with accelerated business at end of 2018
- Increased intangible assets due to capitalization of R&D expenses. Capitalized R&D is at CHF 174.6m (2017: CHF 130.7m)
- Trade payables of CHF 21.6m (Dec. 2017: CHF 20.3m)
- Non-current liabilities contain bonds of CHF 119.2m, Deferred tax liabilities (CHF 8.0 m), employee benefits (IAS-19, CHF 18.0m), provisions (CHF 6.9m)



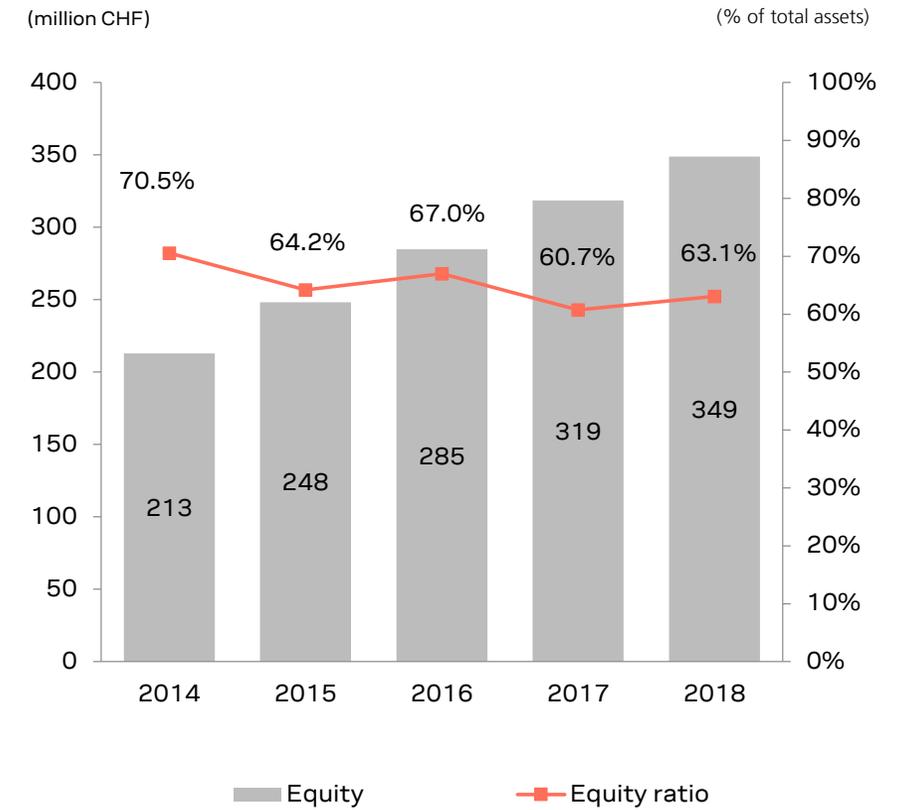
Statement of financial position



Comments

- Strong equity base maintained
- Equity ratio of 63.1% (2017: 60.7%)
- Share capital increase due to exercise of options
- Treasury shares for option program CHF 32.0m (2017: CHF 24.4m)
- Equity ratio without treasury shares: 65.1% (2017: 62.5%)

Total equity and equity ratio



Consolidated statement of cash flows



Comments

- Cash flow from operating activities negatively impacted by temporarily investment into working capital of CHF 32.2m to ensure delivery reliability
- R&D investments maintained for new platforms and product extensions
- Further investment into JV Sapcorda of CHF 4.1 million

(in CHF 000s)	For the period ended	
	December 31, 2018	December 31, 2017
Net Profit	38'481	51'260
Depreciation&Amortization	23'356	22'290
Other non-cash transactions	9'814	12'538
Change in Networking Capital	-32'235	-19'977
Financial income & Financial expense	192	384
Income tax expense	9'617	13'442
Income tax paid	-12'883	-19'433
Net cash generated from operating activities	36'342 9.2%	60'504
Net investment into property, plant and equipment	-7'312	-10'548
Net investment into intangibles	-54'075	-54'371
Acquisition of subsidiaries, net of cash acquired	-4'107	-3'560
Net proceeds from financial investments	2'103	4'968
Net cash used in investing activities	-63'391	-63'511
<i>Free Cash Flow (before Acquisitions)</i>	<i>-22'942</i>	<i>553</i>
<i>Free Cash Flow</i>	<i>-27'049</i>	<i>-3'007</i>
Proceeds from issuance of ordinary shares	15'286	6'827
Dividends paid to owners of the parent	-15'441	-14'526
Net Proceeds from borrowings	0	59'284
Purchase of treasury shares	-7'609	-24'422
Interest paid	-1'917	-1'151
Net cash provided by / used in financing activities	-9'681	26'012
Net increase in cash and cash equivalents	-36'730	23'005
Cash and cash equivalents at beginning of year	169'624	149'545
Exchange gains/(losses) on cash and cash equivalents	3'402	-2'926
Cash and cash equivalents at end of the period	136'296	169'624

Business update

Product highlights

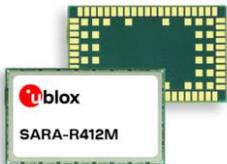
Significant expansion of product offering



Cellular Communication



SARA-R410M
The world's smallest multi-mode LTE Cat M1, NB-IoT module, ideal for diverse IoT and M2M applications including smart cities, connected healthcare, and more.



SARA-R412M
The world's smallest multi-mode LTE Cat M1 module with 2G fallback, ideal for diverse IoT and M2M applications in EMEA.



SARA-N3
A multi-band NB-IoT module that supports a preliminary set of 3GPP Release 14 features (LTE Cat NB2).



Short Range Communication



UBX-P3
The industry's smallest V2X communication chip, taking u-blox's commitment to shaping the future of active safety and autonomous driving technologies to the next level.



ANNA-B1
Ultra-compact Bluetooth 5 module designed for tough environments, ANNA-B1 is fully tailored to applications for the Industrial Internet of Things.



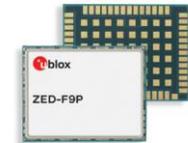
NINA-W15
Multiradio and gateway modules with concurrent Wi-Fi and dual-mode Bluetooth connectivity.



Positioning



u-blox F9 platform
High precision positioning solutions for mass market industrial and automotive applications.



ZED-F9P
First high precision GNSS module based on u-blox F9 technology delivering centimeter-level accuracy in seconds.



ZED-F9T
The ZED-F9T timing module offers nanosecond-level timing accuracy and concurrent reception of GNSS signals for global coverage.

Path to autonomous driving

We deliver key components



- Autonomous driving will need (aside others) two key components
 - High precision positioning – to retrieve an absolute location measurement
 - V2X – to communicate safely and reliably between cars and the infrastructure
- With Bosch we are developing the next generation of positioning chips
 - High precision – lane-level accuracy
 - Functionally safe according to ISO26262
- We launched UBX-P3
 - The industry's smallest V2X communication chip
 - Best-in-class design: Concurrent dual-channel, wide temperature range, low power

Customer relationships: Husqvarna

We deliver core technology for innovative products

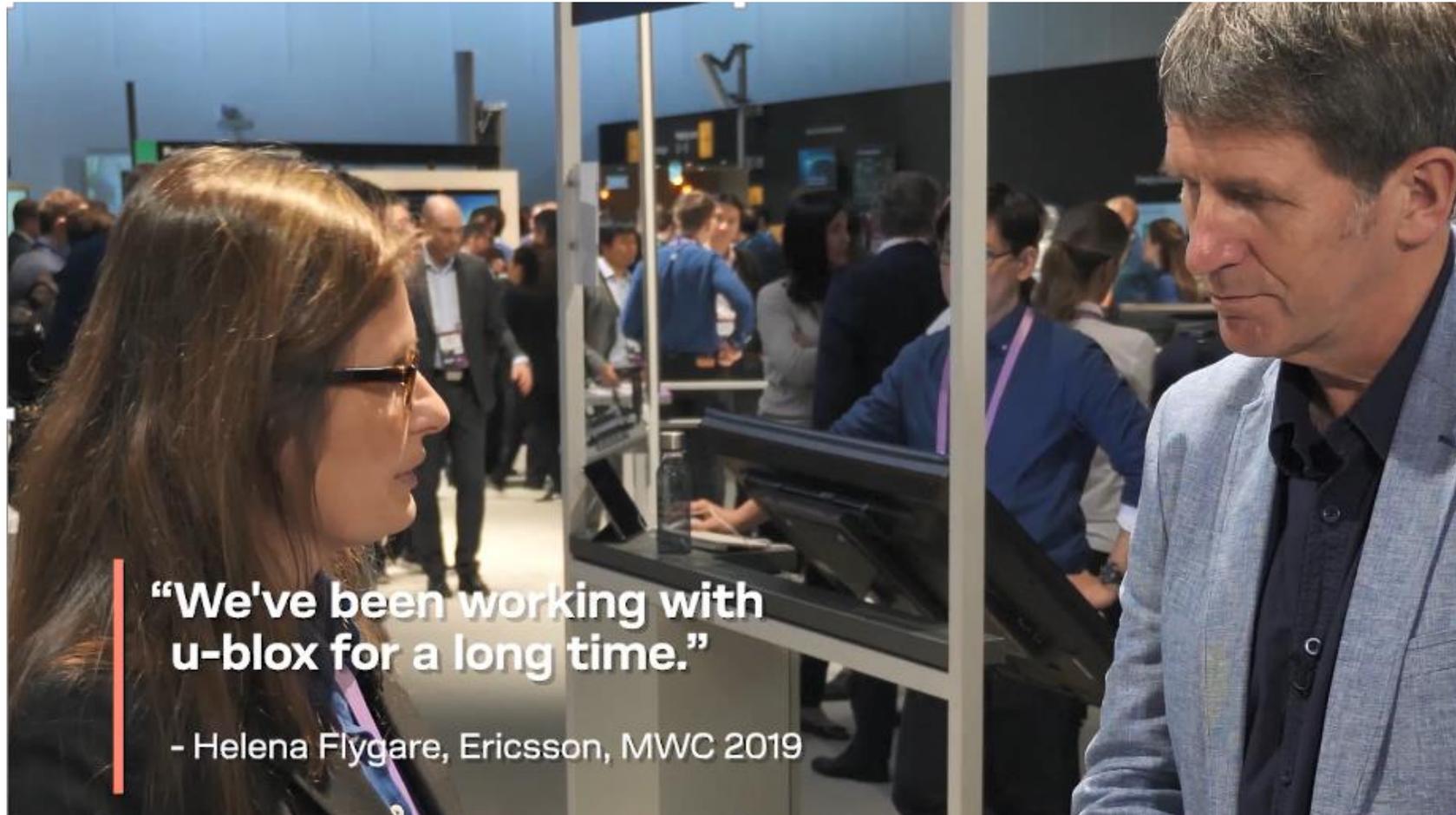


- Husqvarna's latest robotic lawnmower, the AWD Automower[®], launched at Mobile World Congress, uses u-blox technologies:
 - Cellular connectivity
 - M8 multi-constellation positioning



What our customers say about us

Ericsson and Husqvarna



**“We've been working with
u-blox for a long time.”**

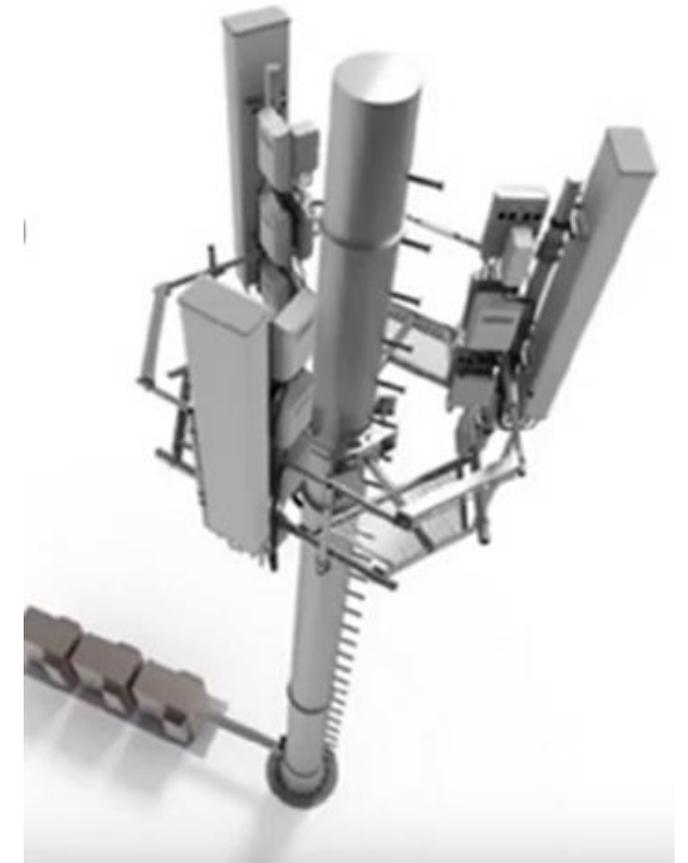
- Helena Flygare, Ericsson, MWC 2019

Telecom networks expanding for 5G

We deliver essential timing reference products

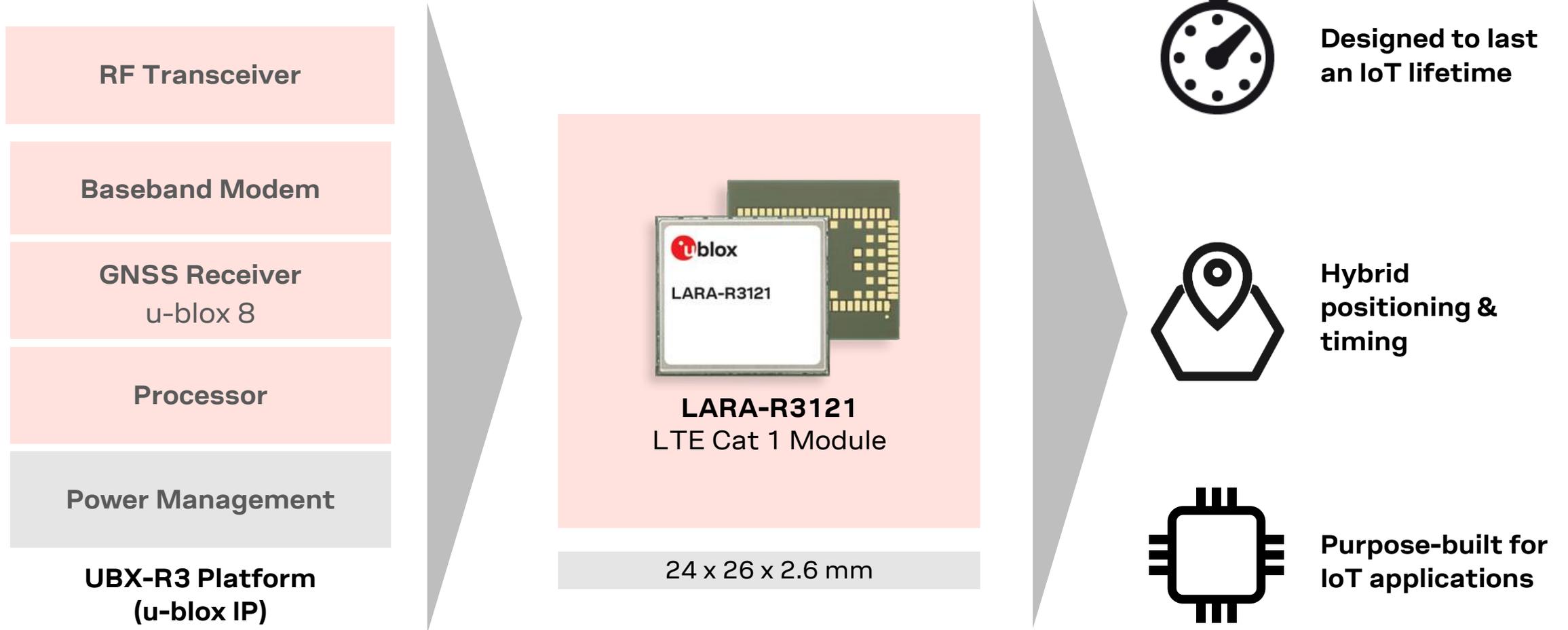


- Network capacity expansion
 - LTE (4G) networks still expanding with need for increased data capacity
 - 5G will require more cells due to higher carrier frequencies
 - Denser networks need better timing quality for synchronization
- We launched the u-blox F9 platform
 - Multi-constellation
 - Multi-frequency



Industrial IoT becoming reality with LTE

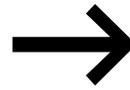
Our R3 Cat1 platform makes the IIoT viable



Our four pillar strategy continues to deliver



Market position 



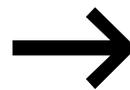
- ✓ Product range for all markets **C**, **S**, **P**
- ✓ High quality and reliability

Technology and innovation 



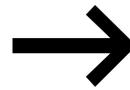
- ✓ Significant long term product road map
- ✓ Product and service portfolio expanded, while taking greater control.

Operational excellence 



- ✓ Fabless with leading long-term partners
- ✓ 98.6% of orders reached customers on the confirmed delivery date

Strategic partnerships 



- ✓ Further investments in Sapcorda JV and partnership with Kudelski
- ✓ 14 growth-accelerating acquisitions to date

Market position

- Further develop our position in the automotive market, including for autonomous vehicles
- Expand high-precision positioning into a broader range of markets to support general automation
- Capitalize on strong move towards LTE-based cellular connectivity for the IoT
- Establish short range radio solutions based on latest standards

Technology & innovation

- Push ahead with the development of our own silicon to give us even more control over the core technology in our products
- Launch products based on our own silicon across all three technology areas
- Continually strive to make our products more secure
- Expand our offering of solutions combining u-blox products from different lines

Operational excellence

- Strongly focus on emerging applications in the Industrial IoT space
- Further explore unique partnerships with suppliers of key components
- Improve the resilience of our supply chain by reducing dependency on any single supplier

Strategic partnership & acquisition opportunities

- Develop new relationships with key players in our markets and expand existing ones
- Continue to review potential acquisitions that will strengthen our product portfolio and technology base and accelerate our strategy

Why we are competitive

Efficient use of available resources



- Since our foundation as a spin off from ETH, we have maintained our **innovative spirit**.
- We focus on our markets and customers with **high dedication**.
- We are **lean and agile** - we make innovative products with less resources and shorter turnaround times.
- Our large competitors focus on their large customers – not our realm.
- We have **important markets shares** in our market sectors and are often the **undisputed leader**.
- There is **no comparable company with our unique strategic line-up**.

Driving growth

Extracting more from the value chain



- Continuous **technology innovation**
 - More technological capabilities open new application possibilities.
 - Innovations at IP core assure continued margin expansion.
- New standards **expand application possibilities**
 - 5G → more applications enabled.
 - Bluetooth and Wi-Fi standards expansion → capillary IIoT.
 - New satellite signals → higher availability and precision.
- Cloud enables **adding services** with recurring revenue on top of our product sales
 - Sold to OEM (u-blox customer).
 - Sold to end customer (via partners).

Market position



Technology and innovation



Operational excellence



Strategic partnerships



Solid basis for growth



Our many product initiatives pave the way into expanding markets

- We **participate in market expansion** driven by increasing mobility and expansion of cloud services.
- Our **product initiatives** preempt important megatrends in the industry – we have invested in new platforms in all our technologies
- We are preferred by the **leading customers** for our technology IP and innovation leadership.
- Our technology core assures the basis for **resilient value-adding services**.
- Our product diversification by customers, applications, and geography **assure stability in growth**.
- Economies of scale **strengthen profitability**.

Outlook

Guidance 2019



- **Outlook 2019** based on strong growth perspective
 - APAC solid business in automotive, telematics, and infrastructure – no trade related issues anymore
 - EMEA expanding with telematics and infrastructure
 - Americas taking off with LTE Cat M1 deployments
 - R&D amortizations increasing over 2018

	Actual FY 2018 (IFRS)	Guidance 2019 (IFRS)
Revenue	393.3m	460m...490m
EBITDA	71.6m	70m...90m
EBIT	48.3m	30m... 45m
	CHF	CHF

Exchange rate assumptions for 2019:

- EUR/CHF: 1.12 USD/CHF: 0.99 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%

Long term outlook - 2022

Substantial growth ahead



Revenue M CHF	Free Cash Flow %	EBIT %	EBITDA %
700	7%	12%	22%
800	10%	15%	25%

Before acquisitions and extra-ordinary effects

Upcoming events



- Annual General Meeting April 25, 2019
- 2019 Half Year Results August 23, 2019
- Investor and Analyst Day November 20, 2019

Thank you for your attention