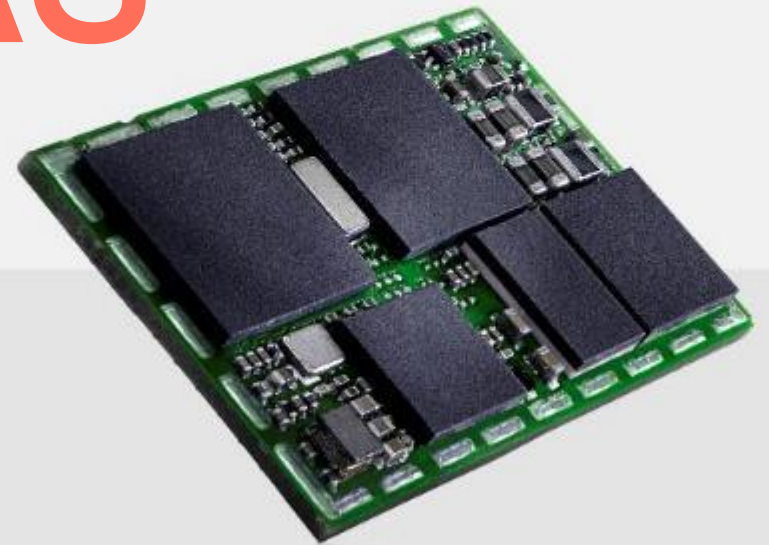


# 1H 2022 Results u-blox Holding AG

19 August 2022

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.

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# Agenda



**1H 2022: Summary financial results**

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**Business highlights**

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**Financial highlights**

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**Business review**

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**Strategy**

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**Outlook**

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**Q&A**

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An aerial photograph of a white wind turbine in a field. The turbine is positioned in the upper left quadrant, with its shadow cast long and dark across the field towards the right. The field has a distinct pattern of concentric, wavy lines, likely from a plowing or irrigation process. The overall color palette is muted, with greys, browns, and the white of the turbine.

# 1H 2022: Summary financial results

# 1H 2022: Summary financial results



	2022		2021	Change 2022 to 2021
	IFRS reported	adjusted <sup>1</sup>	adjusted <sup>1</sup>	
(CHF millions, except EPS and margins)				
Revenue (at constant exchange rates)	294.4	294.4	192.7	52.7% (49.9%)
Gross Profit	143.7	143.8	89.9	59.9%
Gross margin (%)	48.8%	48.9%	46.7%	
EBITDA	74.3	76.6	28.7	166.5%
EBITDA margin (%)	25.3%	26.0%	14.9%	
Operating Profit (EBIT )	53.9	57.4	10.5	445.4%
EBIT margin (%)	18.3%	19.5%	5.5%	
Net Profit	45.8	48.7	6.3	674.6%
Cash Flow from operating activities	30.4	30.4	43.0	-29.2%
Free Cash Flow	6.6	6.6	27.7	-76.3%
EPS in CHF, fully diluted	6.58	7.00	0.89	

<sup>1)</sup> Excl. Share-based payments, impacts based on IAS-19, amortization of intangible assets acquired, impairments and non-recurring expenses, see slide 16.

# Business highlights

- **Strong financial results:** Driven by solid revenue growth across all regions and sectors
- **Steady expansion of production capacity:** Growth rate improved with better availability of components
- **Strong bookings:** Current bookings greatly exceed current revenues; the current orderbook is almost double the amount compared to the end of 2021
- **Well-filled R&D pipeline:** Launched major new products
- **An expanded solution offering:** Secure connectivity added
- **Larger customer base:** Win of new major customers and expansion of the long tail

# Financial highlights



# Financial highlights 1H 2022



Financial results reflect strong business growth

## Revenue

- Total revenues of CHF 294.4m, an increase of 52.7% (49.9% at constant exchange rates), above the expected range of 27%...39%

## Profit

- Adjusted gross profit margins increased to 48.9% (46.7% in 1H 2021)
- EBITDA (adjusted) was CHF 76.6m, compared to CHF 28.7m in 1H 2021
- Adjusted net profit of CHF 48.7m vs 6.3m in 1H 2021

## Cash Flow

- Cash flow from operating activities of CHF 30.4m in 1H 2022, compared to CHF 43.0m in the same period in 2021
- Free cash flow of CHF 6.6m (before acquisitions CHF 6.6m; 1H 2021: CHF 27.7m )

## Balance sheet

- Equity ratio further increased to 63.1% (59.9% in 1H 2021)

# Historical revenue and EBITDA development

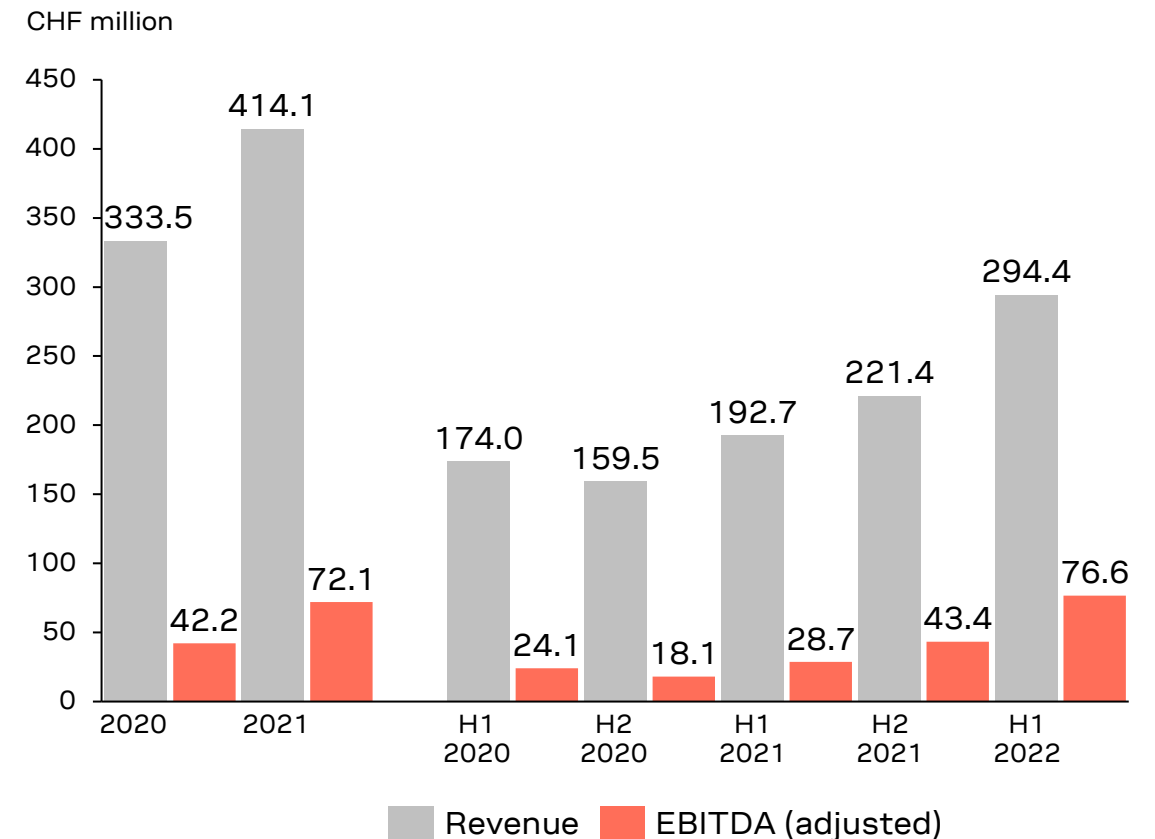


## Comments

- Strong growth of 2022 revenues: 52.7% compared to 1H 2021 to new record level
  - Strong rebound of orders since August 2020
  - Accelerated trend for connected devices
  - Expanded production output
- The USD/CHF rate impacted revenue positively, growth at 2021 rates: 49.9%
- EBITDA (adjusted<sup>1)</sup>) margin strongly increased to 26.0%

<sup>1)</sup> Excluding share-based payments, impacts based on IAS-19, amortization of intangible assets acquired, impairments, and non-recurring expenses, see slide 16.

## Revenue and EBITDA (adjusted)



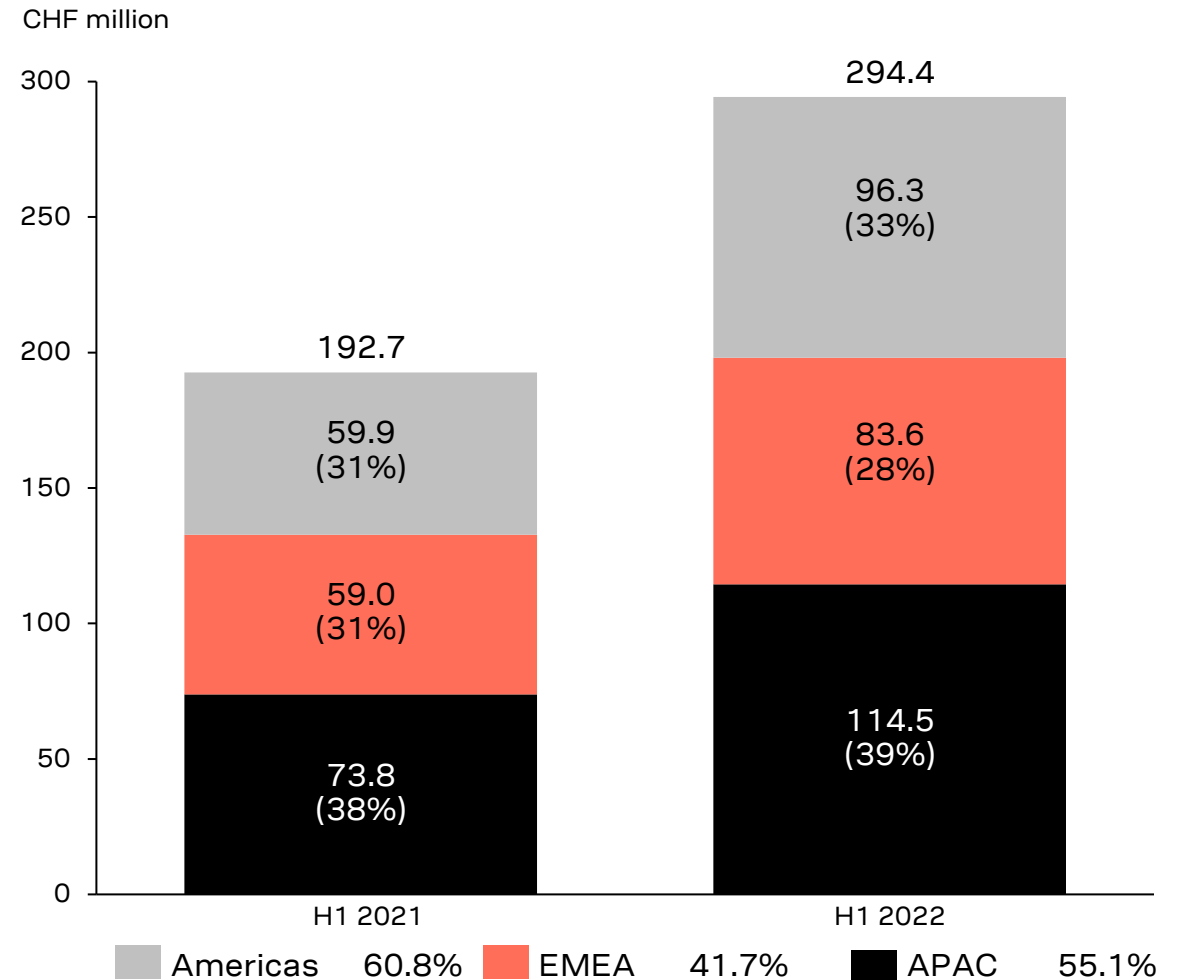
# Revenues by geography



## Comments

- Americas revenue increased by 61%
  - Higher demand in healthcare and industrial automation
  - Expansion in automotive applications
- EMEA revenue increased by 42%
  - Increased demand in industrial automation solutions
  - Strong demand in automotive
- APAC revenue increase by 55%
  - Strong growth with healthcare, network, and in automotive
  - Flat business in China due to supply constraints and COVID impacts

## Revenue by geography (based on reporting area)



# Revenue by market

## Comments

**Industrial** markets strong growth of 62%

- Industrial automation
- Healthcare
- Infrastructure
- Network

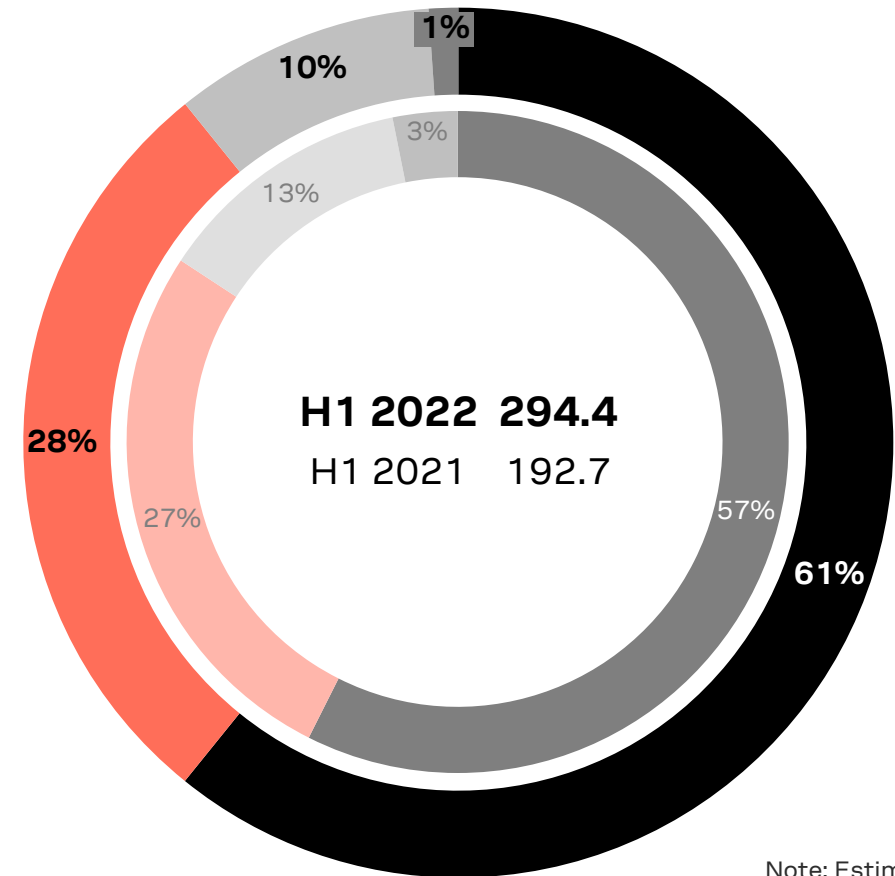
**Automotive** market strong growth of 62%

- Continued strong growth
- High demand in navigation and infotainment

**Consumer** markets growth of 18%

- Consumer telematics
- Healthcare

## Revenue split by market



Industrial Automotive Consumer Other

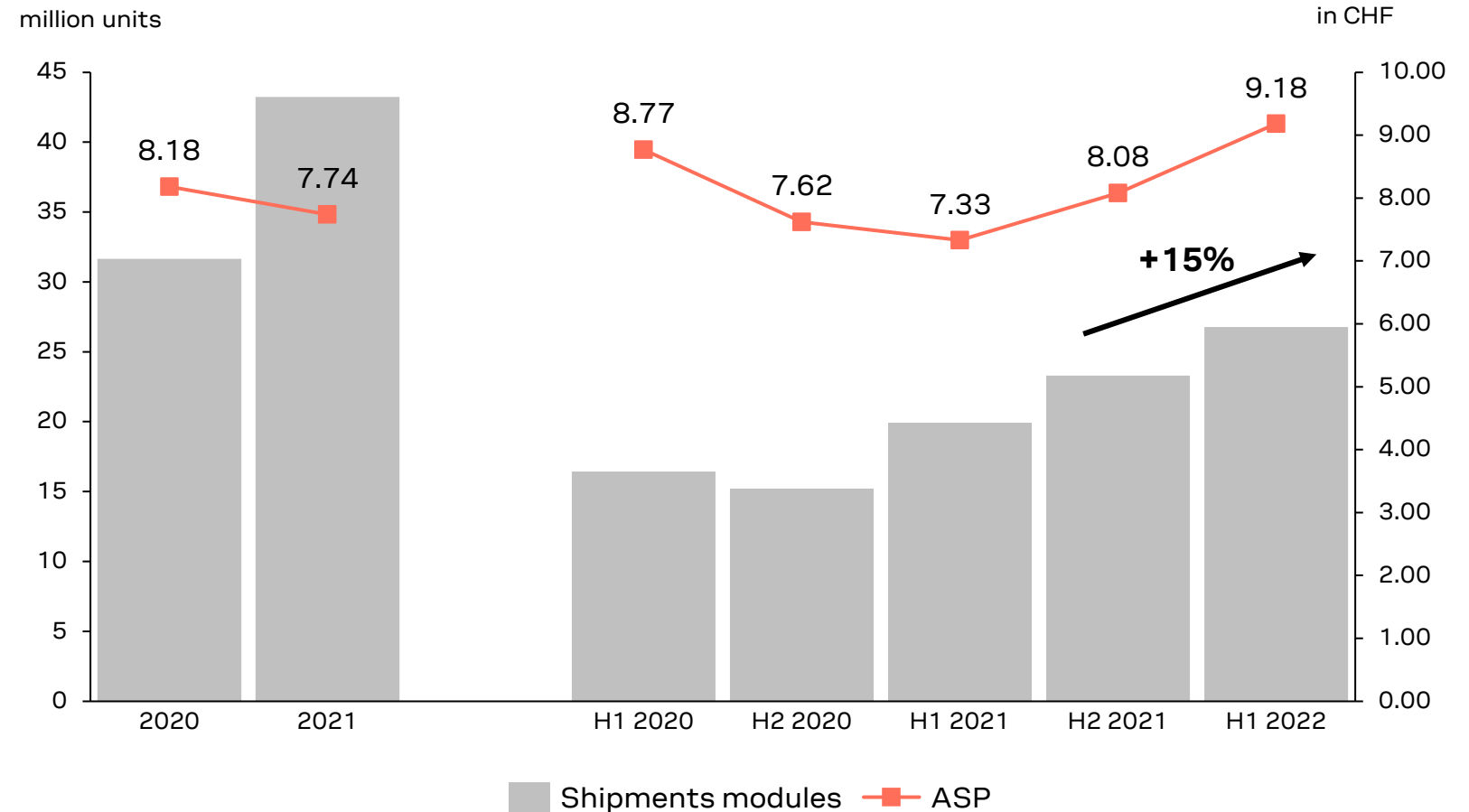
# Shipments and ASP development



## Comments

- Module business with strong growth
- ASP increasing due to favorable product mix and price increases

## Modules



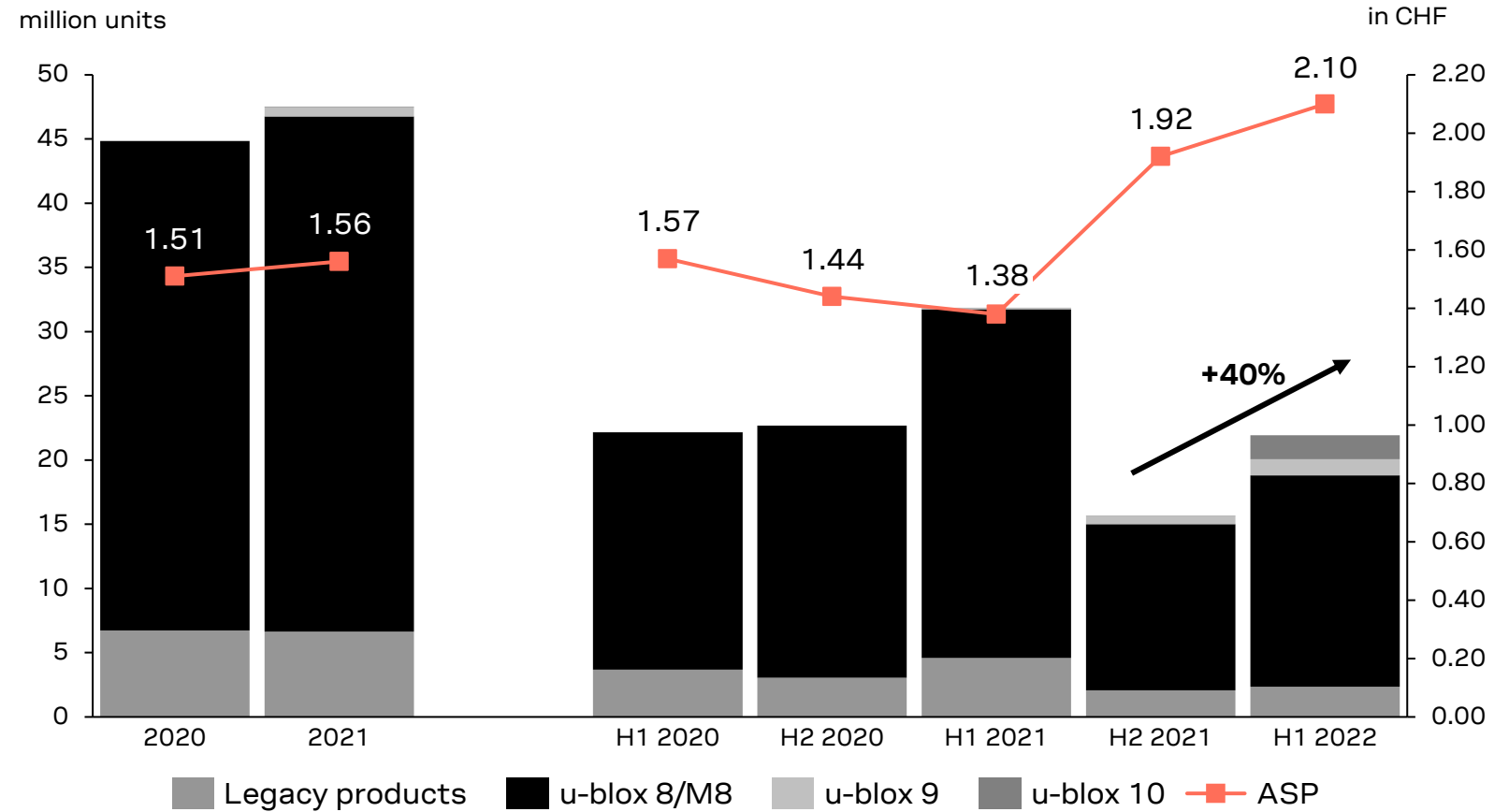
# Shipments and ASP development



## Comments

- Rebound of overall chipset volume
- Strong growth (40% over 2H 2021) in chipset driven by u-blox 8 series
- Increasing ASP trend continued in 1H 2022 due to favorable product mix and price increases

## GNSS chips



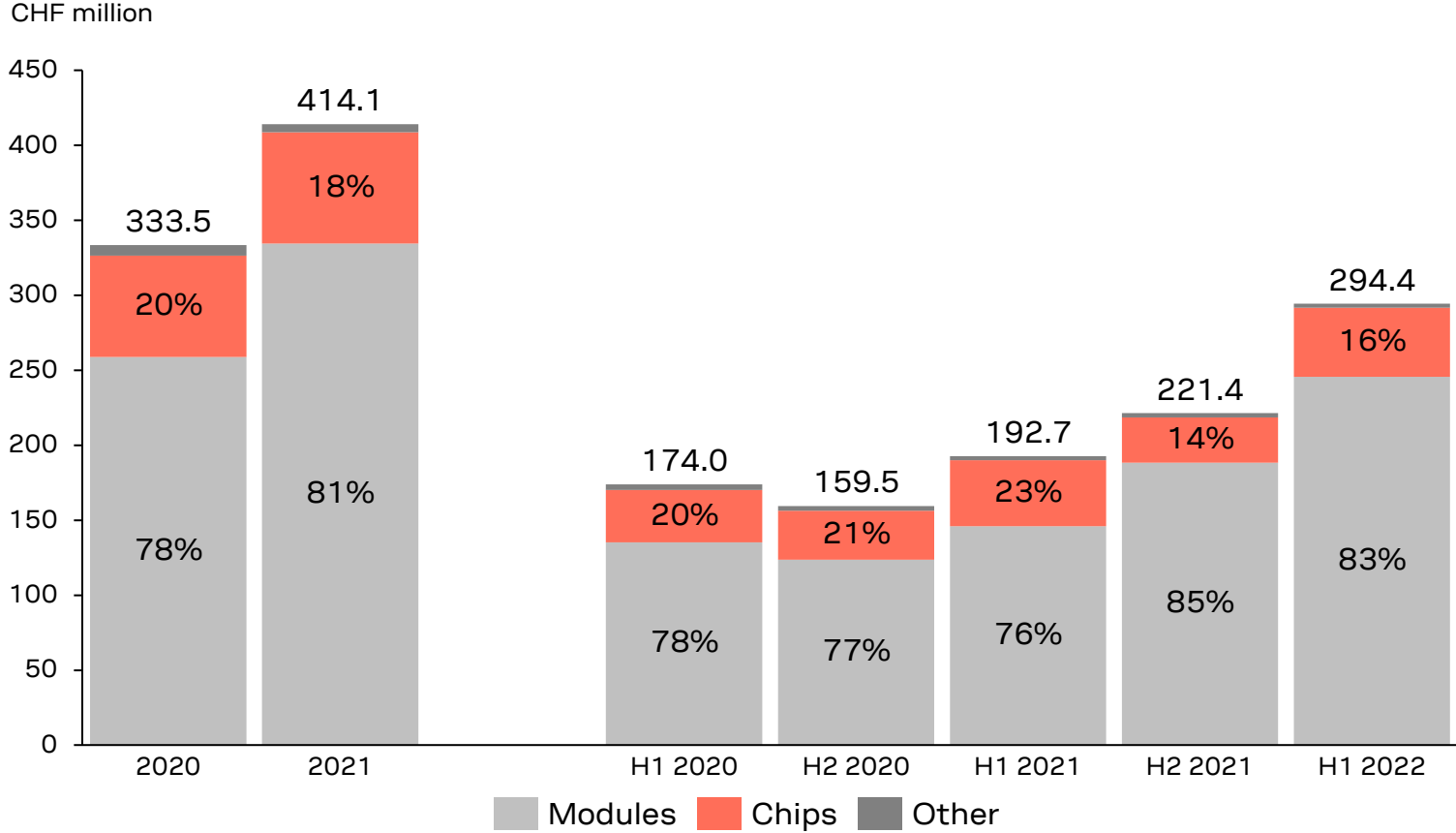
# Shipments and ASP development



## Comments

- Chips and modules growing
- Chipset revenues share slightly increased with volume growth

## Revenue



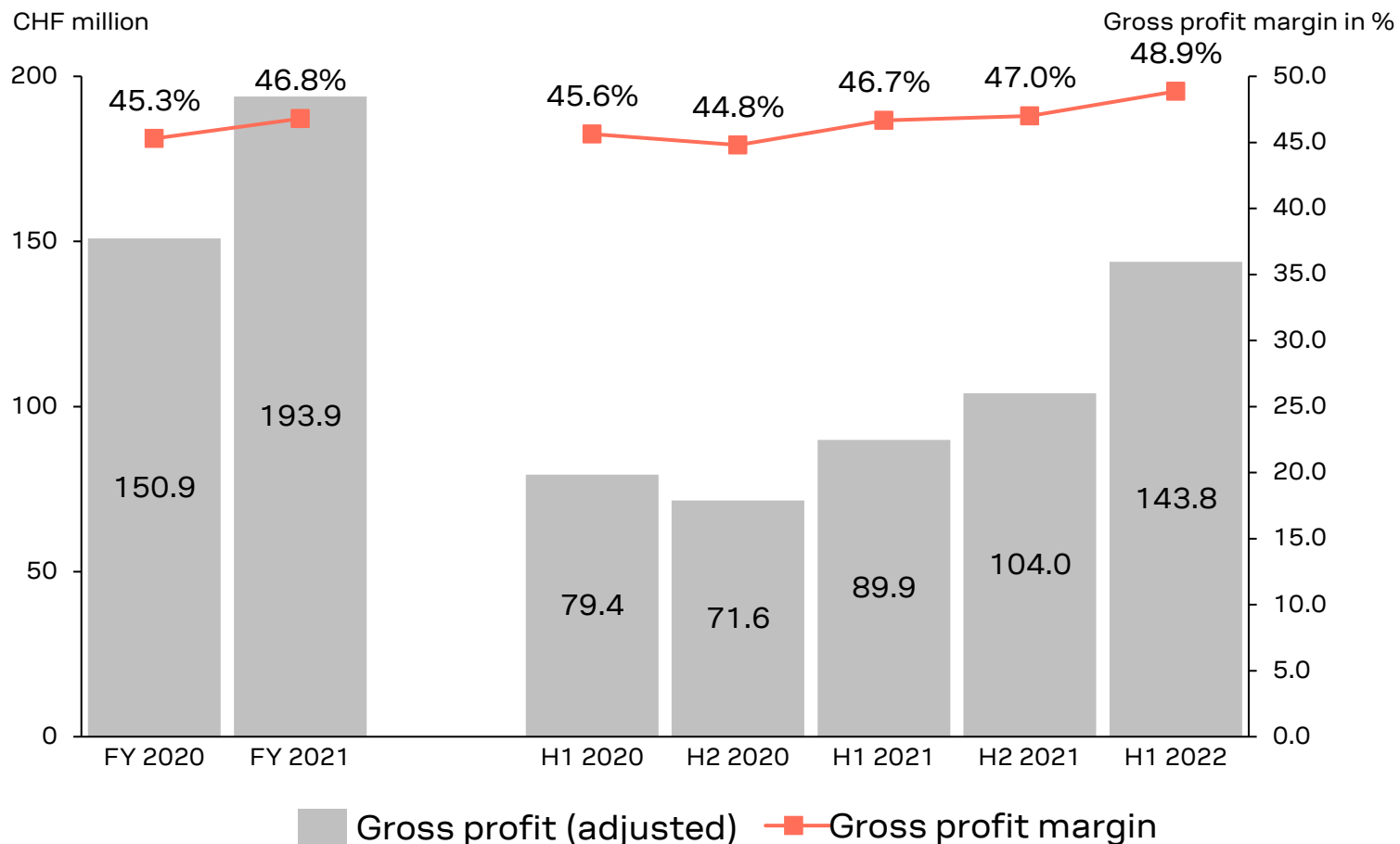
# Gross profit



## Comments

- Gross profit (adjusted) of CHF 143.8m
- Gross profit margin (adjusted) increased from 46.7% to 48.9% due to favorable product mix and sales price increases
- No impact from FX (natural hedging)

## Gross profit (adjusted) / Gross profit margin (adjusted)

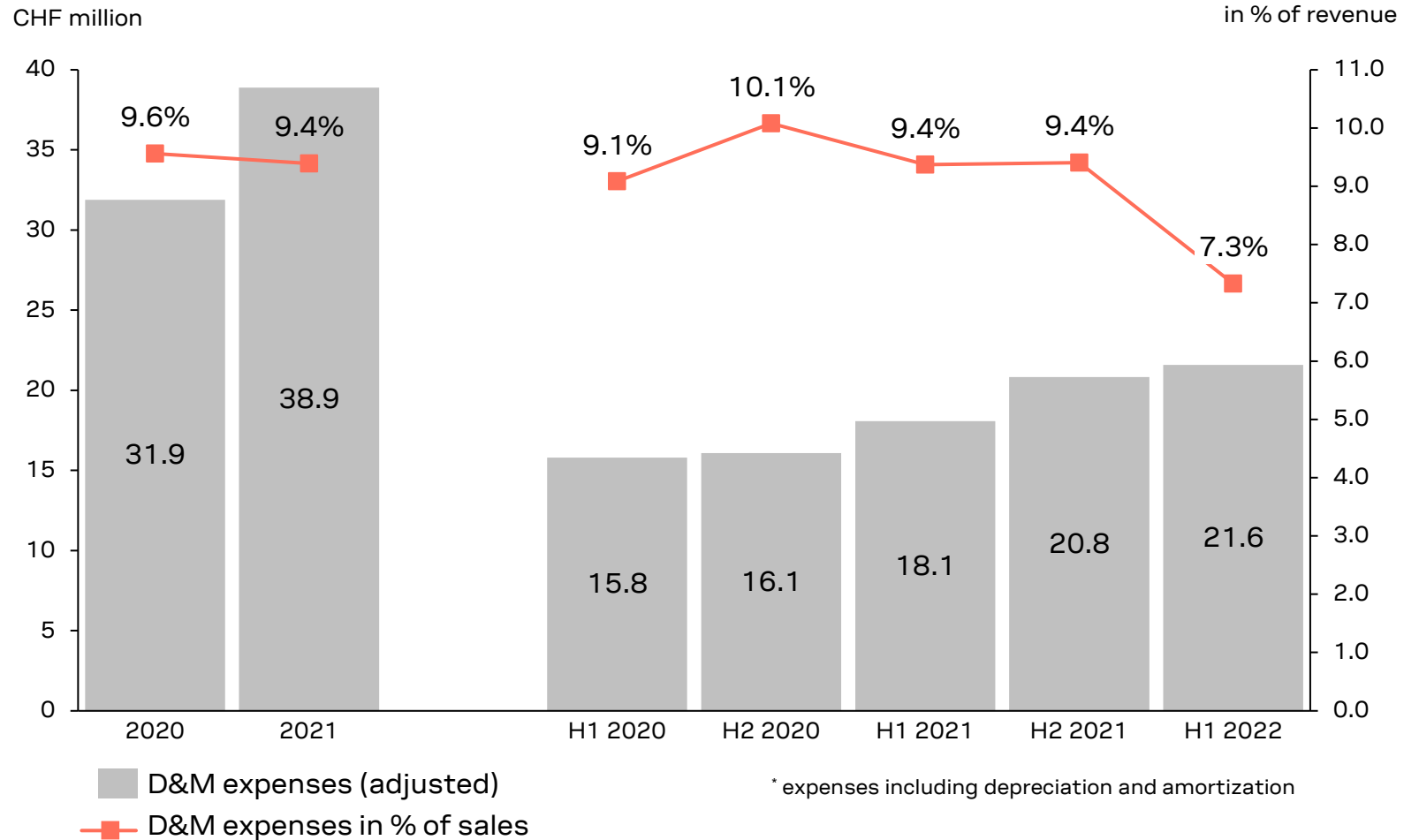




## Comments

- D&M expenses (adjusted) only slightly increased in absolute terms despite strong revenue growth
- In % of revenue D&M expenses reduced significantly with increased top line

## D&M expenses\* (adjusted)



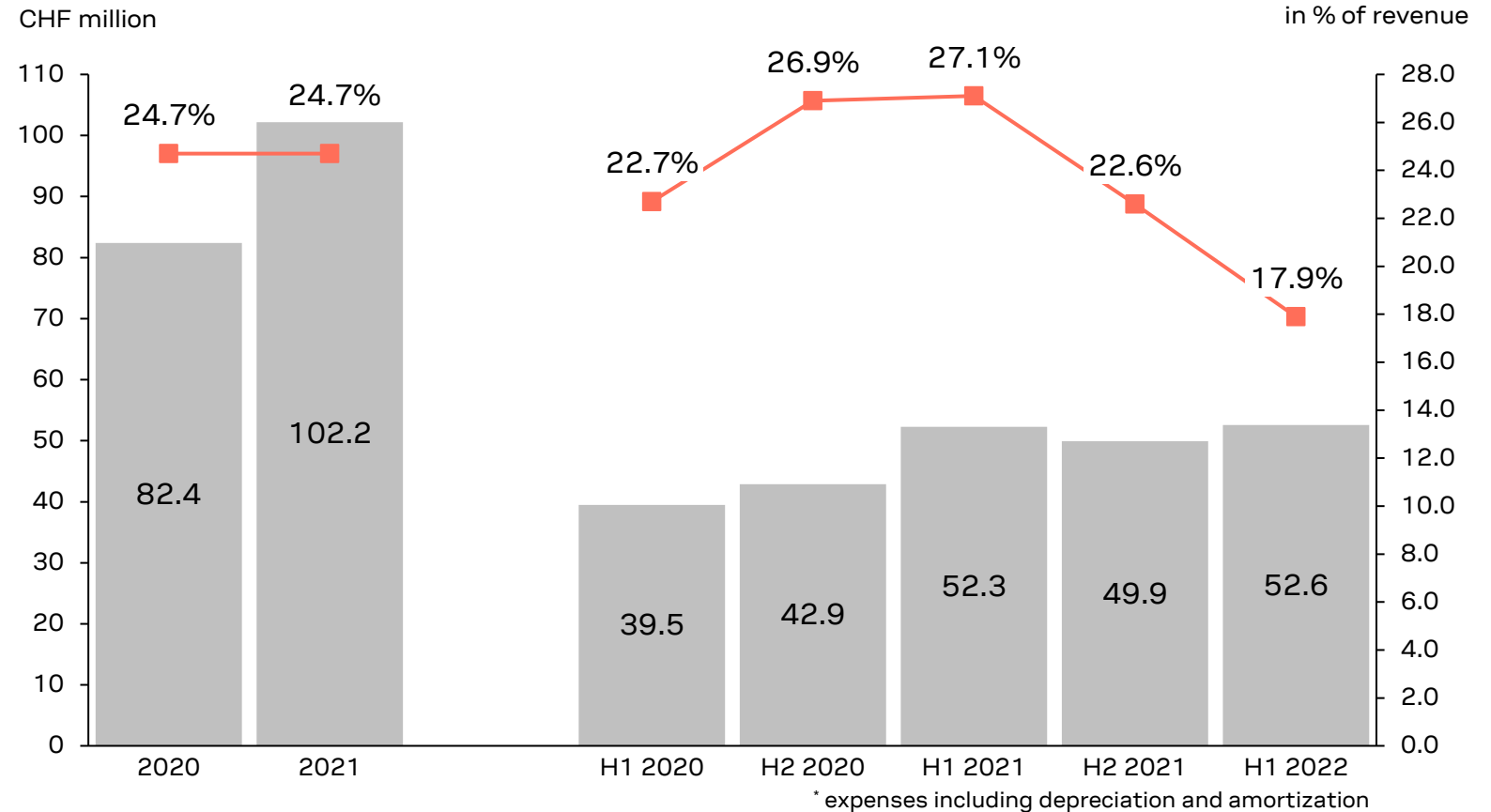
# Research & Development



## Comments

- R&D expenses (adjusted) ratio reduced to 17.9%
- R&D profited from positive FX impact, with investments into new products and into establishing our services offering
- In % of revenue R&D expenses reduced significantly with increased topline

## R&D expenses\* (adjusted)



# Income statement

## Adjusted and IFRS numbers



(in CHF 000s)	Jan-Jun 2022		Adjustments <sup>2)</sup>	Jan-Jun 2022		Jan-Jun 2021	
	(IFRS)	% revenue		(adjusted)	% revenue	(adjusted)	% revenue
<b>Revenue</b>	<b>294'391</b>	100.0%		<b>294'391</b>	100.0%	<b>192'734</b>	100.0%
Cost of sales	-150'649	-51.2%	95	-150'554	-51.1%	-102'801	-53.3%
<b>Gross Profit</b>	<b>143'742</b>	48.8%	<b>95</b>	<b>143'837</b>	48.9%	<b>89'933</b>	46.7%
Distribution and marketing expenses	-22'316	-7.6%	733	-21'583	-7.3%	-18'066	-9.4%
Research and development expenses	-54'400	-18.5%	1'815	-52'585	-17.9%	-52'278	-27.1%
General and administrative expenses	-13'879	-4.7%	924	-12'955	-4.4%	-10'198	-5.3%
Other income	704	0.2%		704	0.2%	1'137	0.6%
<b>Operating Profit (EBIT)</b>	<b>53'851</b>	18.3%	<b>3'567</b>	<b>57'418</b>	19.5%	<b>10'528</b>	5.5%
Finance income	3'149	1.1%		3'149	1.1%	5'090	2.6%
Finance costs	-744	-0.3%		-744	-0.3%	-6'594	-3.4%
Share of profit of equity-accounted investees, net of taxes	-134	0.0%		-134	0.0%	-1'456	-0.8%
<b>Profit before income tax (EBT)</b>	<b>56'122</b>	19.1%	<b>3'567</b>	<b>59'689</b>	20.3%	<b>7'568</b>	3.9%
Income tax expense	-10'314	-3.5%	-647	-10'961	-3.7%	-1'277	-0.7%
<b>Net Profit</b>	<b>45'808</b>	15.6%	<b>2'920</b>	<b>48'728</b>	16.6%	<b>6'291</b>	3.3%
Minority interests	0	0.0%		0	0.0%	21	
<b>Net Profit, attributable to equity holders of the parent</b>	<b>45'808</b>	15.6%	<b>2'920</b>	<b>48'728</b>	16.6%	<b>6'270</b>	3.3%
Earnings per share in CHF	6.60			7.02		0.89	
Diluted earnings per share in CHF	6.58			7.00		0.89	
Operating Profit (EBIT)	53'851	18.3%	3'567	57'418	19.5%	10'528	5.5%
Depreciation and amortization	20'494	7.0%	-1'355	19'139	6.5%	18'196	9.4%
<b>EBITDA <sup>1)</sup></b>	<b>74'345</b>	25.3%	<b>2'212</b>	<b>76'557</b>	26.0%	<b>28'724</b>	14.9%

<sup>1)</sup> 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.

<sup>2)</sup> Adjustments are impacts of share based payments, Pension calculation according to IAS-19, Non-recurring expenses, impairments and amortization of intangible assets acquired

## Comments

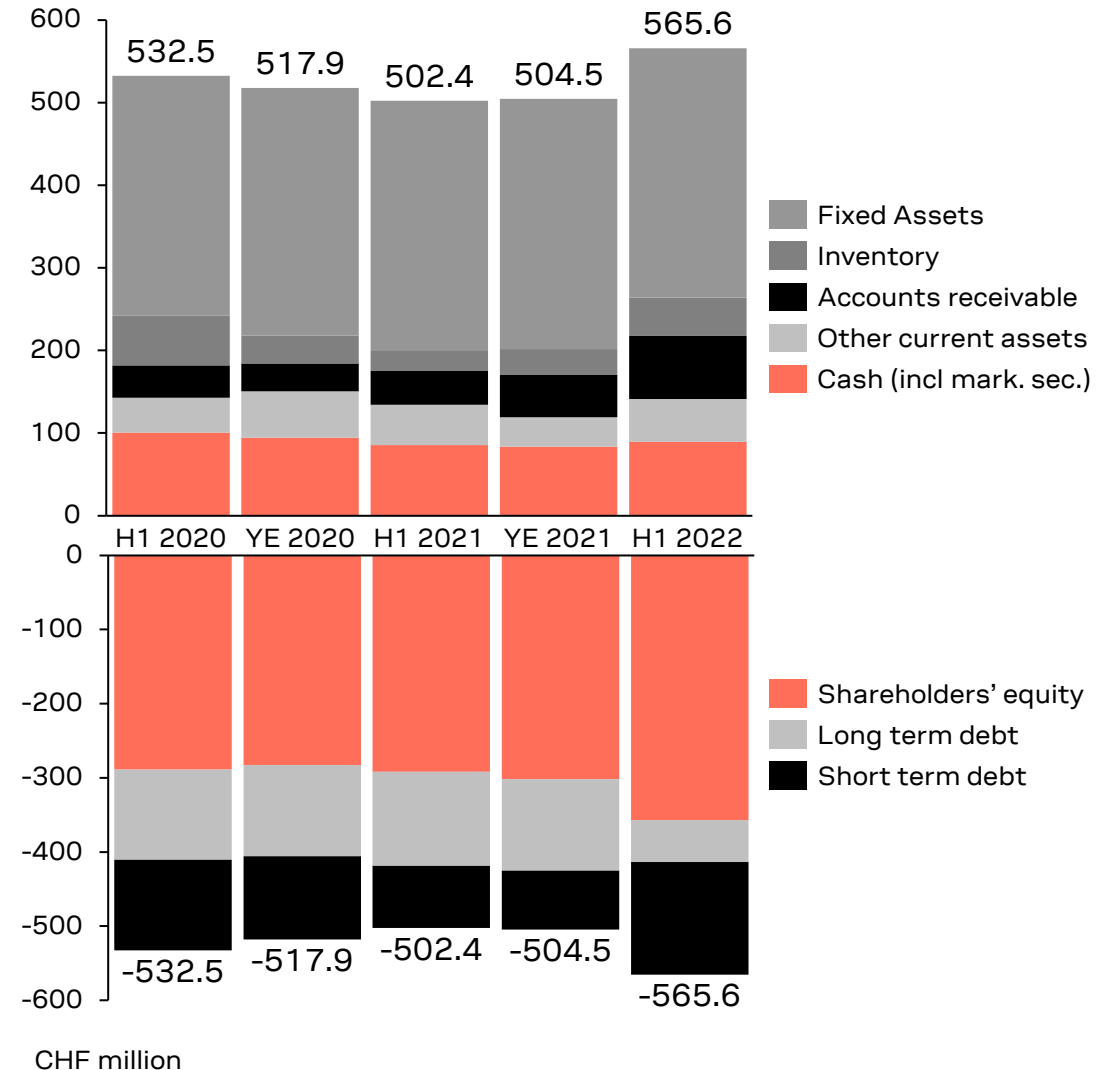
- Adjustments are share-based payments of CHF 1.5m, pension impact of IAS-19 of CHF 0.8m, amortization of intangible assets acquired (incl. impairments) of CHF 1.4m
- Financial results consist primarily of foreign exchange gains and the interest for the bond. The losses from equity-accounted investees were reduced due to full take over of ownership of Sapcorda GmbH
- For group adjustments a corporate tax rate of 18.1% was applied

# Statement of financial position



## Comments

- Solid financial position with liquidity (incl. marketable securities) of CHF 89.3m (2021: CHF 83.7m)
- Inventory CHF 46.5m (2021: CHF 31.4m), mainly raw material and work in progress
- Trade receivables CHF 76.6m (2021: CHF 51.1m)
- Other current assets CHF 51.8m (2021: CHF 35.2m)
- Capitalized R&D now CHF 183.3m (2021: CHF 175.4m)
- Right of use assets amounted to CHF 31.7m (2021: CHF 32.0m) and corresponding leasing liabilities (short- and long-term) were CHF 32.6m (2021: CHF 32.8m)
- Current liabilities contain trade payables of CHF 40.3m (2021: CHF 25.0m) and the bond repayable in April 2023 of CHF 59.9m
- Non-current liabilities contain deferred tax liabilities CHF 5.0m, employee benefits (IAS-19) CHF 11.0m, provisions CHF 8.5m



# Consolidated statement of cash flows

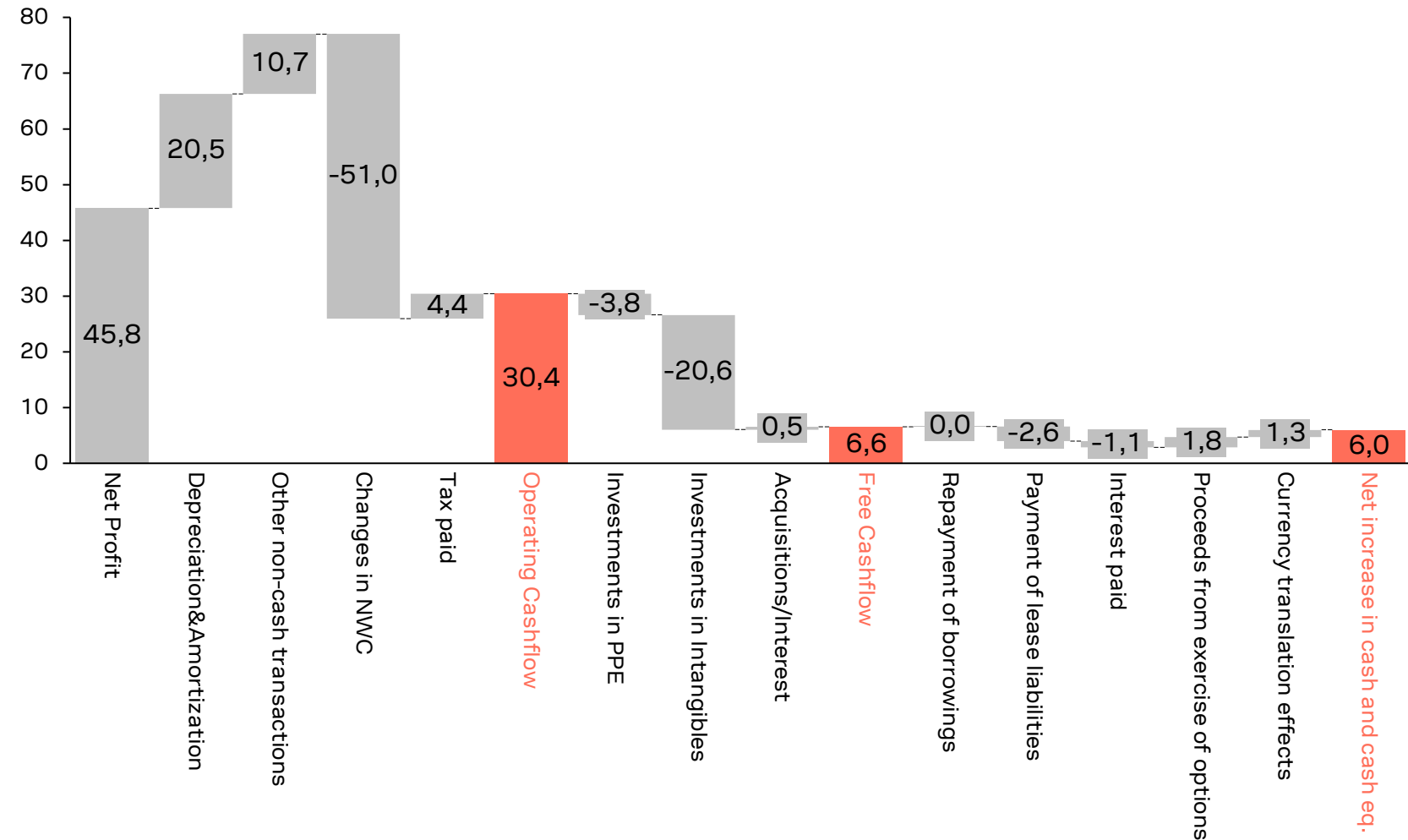


## Comments

- Cash flow from operating activities of CHF 30.4m (1H 2021: CHF 43.0m), business growth reflected higher net working capital.
- Free cash flow (before acquisitions) CHF 6.6m (1H 2021: CHF 27.7m) impacted by NWC changes due to the strongly growing business and inventory build-up

## Cashflow

CHF million



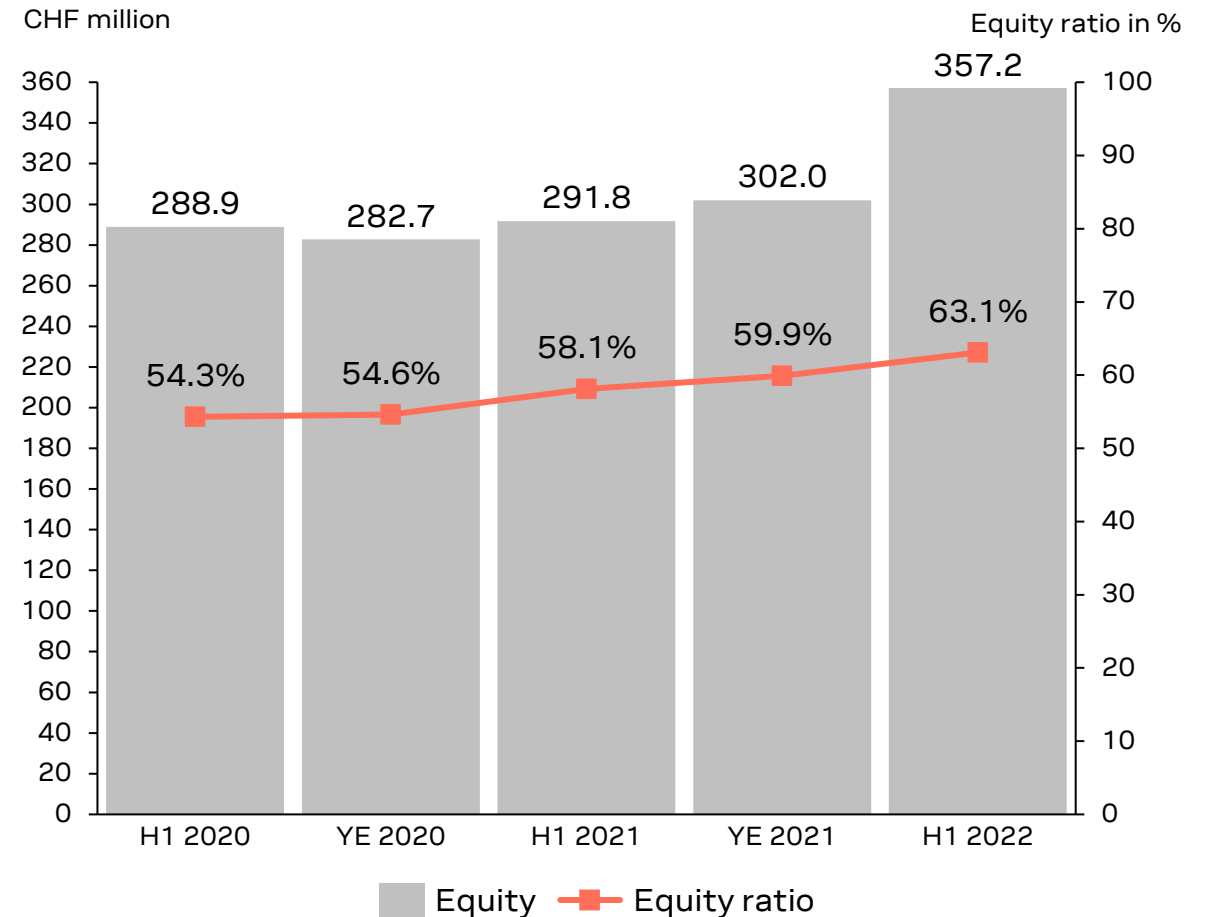
# Statement of financial position



## Comments

- Equity base further improved
- Increased equity ratio of 63.1% (2021: 59.9%)
- Treasury shares for option program CHF 28.0m (2021: CHF 31.9m)
- Equity ratio without treasury shares: 64.9% (2021: 62.3%)

## Total equity and equity ratio

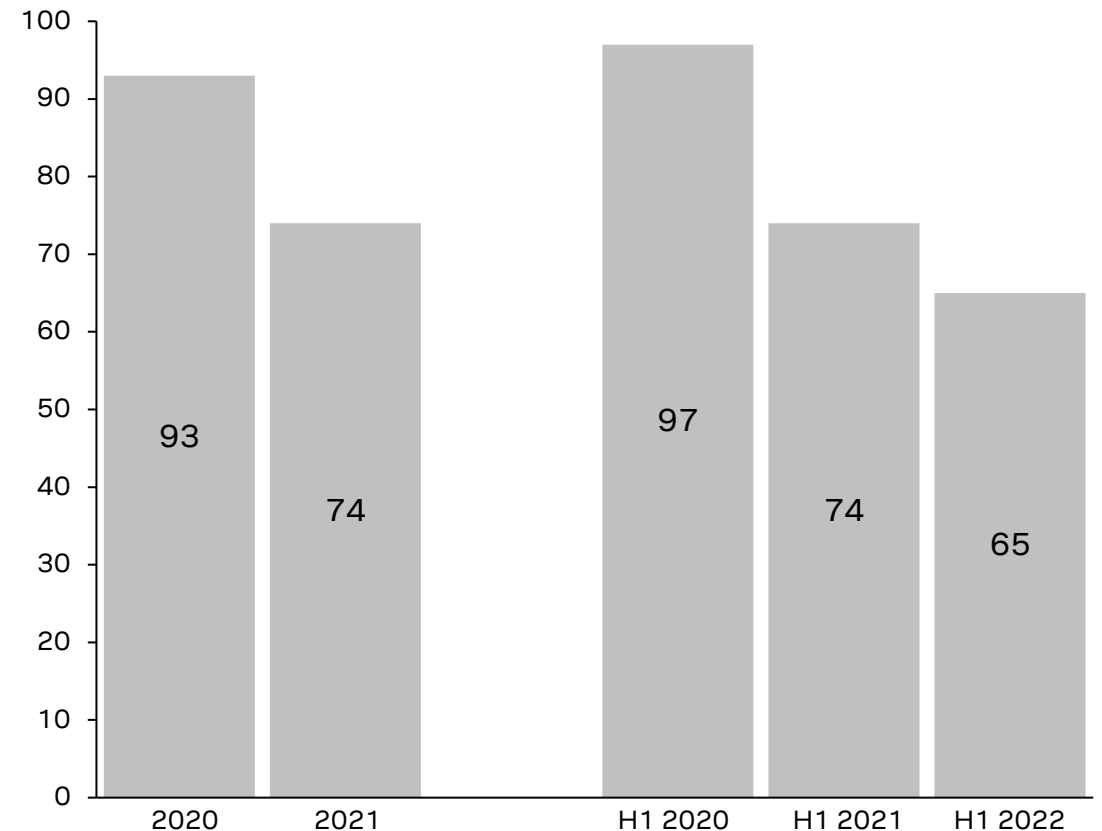


## Comments

- Widespread across different applications and geographical regions with little cluster risk
- Strong and growing customer base, serving 14'500 customers worldwide as of 1.7.2022 compared to 12'200 customers at the end of 2021
- Customer diversification
  - 65 customers accounted for 80% of revenue, number decreased because of strong growth of top league customers
  - Largest customer accounted for 4.0% of total revenue in 1H 2022
  - Top 10 largest customers accounted for 29.5% of total revenue in 1H 2022

## Number of customers totaling 80% of revenue

No. customers



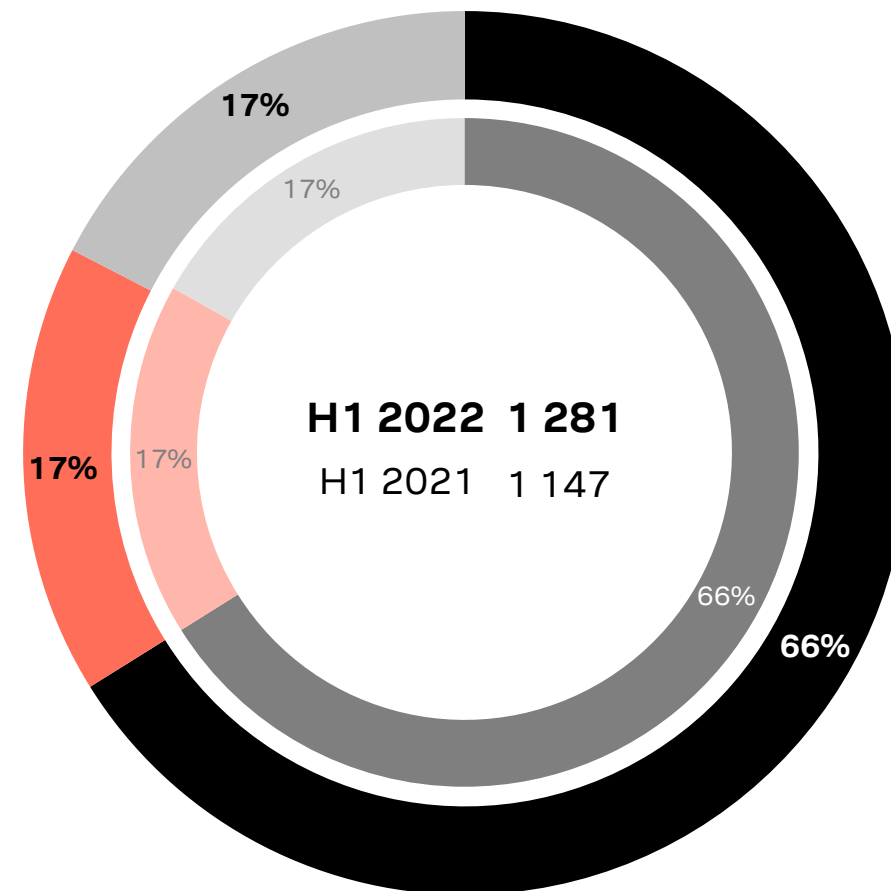
# Employment

Employee breakdown (End of June 2022, FTE based)



## Comments

- Continued expansion of work force
- 76% of employees based outside Switzerland (spread across 18 countries)



H1 2022 1 281

H1 2021 1 147

Note: FTE = full time equivalent

■ Research and Development

■ Sales, Marketing and Support ■ Logistics and Administration



# Segment information

## IFRS numbers



	Positioning and wireless products		Wireless services		Total segments		Non-allocated/ eliminations		Group	
	Jan - Jun		Jan - Jun		Jan - Jun		Jan - Jun		Jan - Jun	
(in CHF 000s)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue third parties	293'886	192'680	505	54	294'391	192'734			294'391	192'734
Revenue intragroup			20'984	17'405	20'984	17'405	-20'984	-17'405	0	0
<b>Total revenue</b>	<b>293'886</b>	192'680	<b>21'489</b>	17'459	<b>315'375</b>	210'139	<b>-20'984</b>	-17'405	<b>294'391</b>	192'734
EBITDA <sup>1)</sup>	70'979	23'836	3'366	1'575	74'345	25'411	0	0	74'345	25'411
Depreciation	-4'483	-4'082	-1'317	-1'414	-5'800	-5'496	0	0	-5'800	-5'496
Amortization	-12'919	-12'990	-1'775	-1'260	-14'694	-14'250	0	0	-14'694	-14'250
Impairment		-67			0	-67	0	0	0	-67
<b>Operating profit/loss (EBIT)</b>	<b>53'577</b>	6'697	<b>274</b>	-1'099	<b>53'851</b>	5'598	<b>0</b>	0	<b>53'851</b>	5'598
Finance income									3'149	5'090
Finance costs									-744	-6'594
Share of profit of equity-accounted investees, net of taxes									-134	-1'456
<b>EBT</b>									<b>56'122</b>	2'638

<sup>1)</sup> 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.

# Business review

# Current market conditions



Significant increase in demand across all regions and end markets

- **Acceleration in market demand across all regions and application sectors together with the continued introduction of new products resulted in record orders.**
  - During 1H 2022, we saw strong demand and higher bookings across all our markets
    - Automotive segment revenues grew strongly, mainly for navigation and infotainment applications.
    - Our industrial segment expanded sturdily with applications in automation, monitoring and healthcare.
  - Strong orderbook – about 2x higher than end of 2021.
- **Overcoming global supply chain challenges**
  - Thanks to well-managed supply challenges, u-blox was able to improve deliveries to customers and thus record record billings.
  - The introduction of new products, coupled with the re-designing and re-modeling of other products, provided us with solutions to manage specific shortages.
  - We intensified our efforts on negotiating with our suppliers and sub-contractors to achieve continued progress of output.

# Update: Automotive

Strong upswing from 2021: + 62%

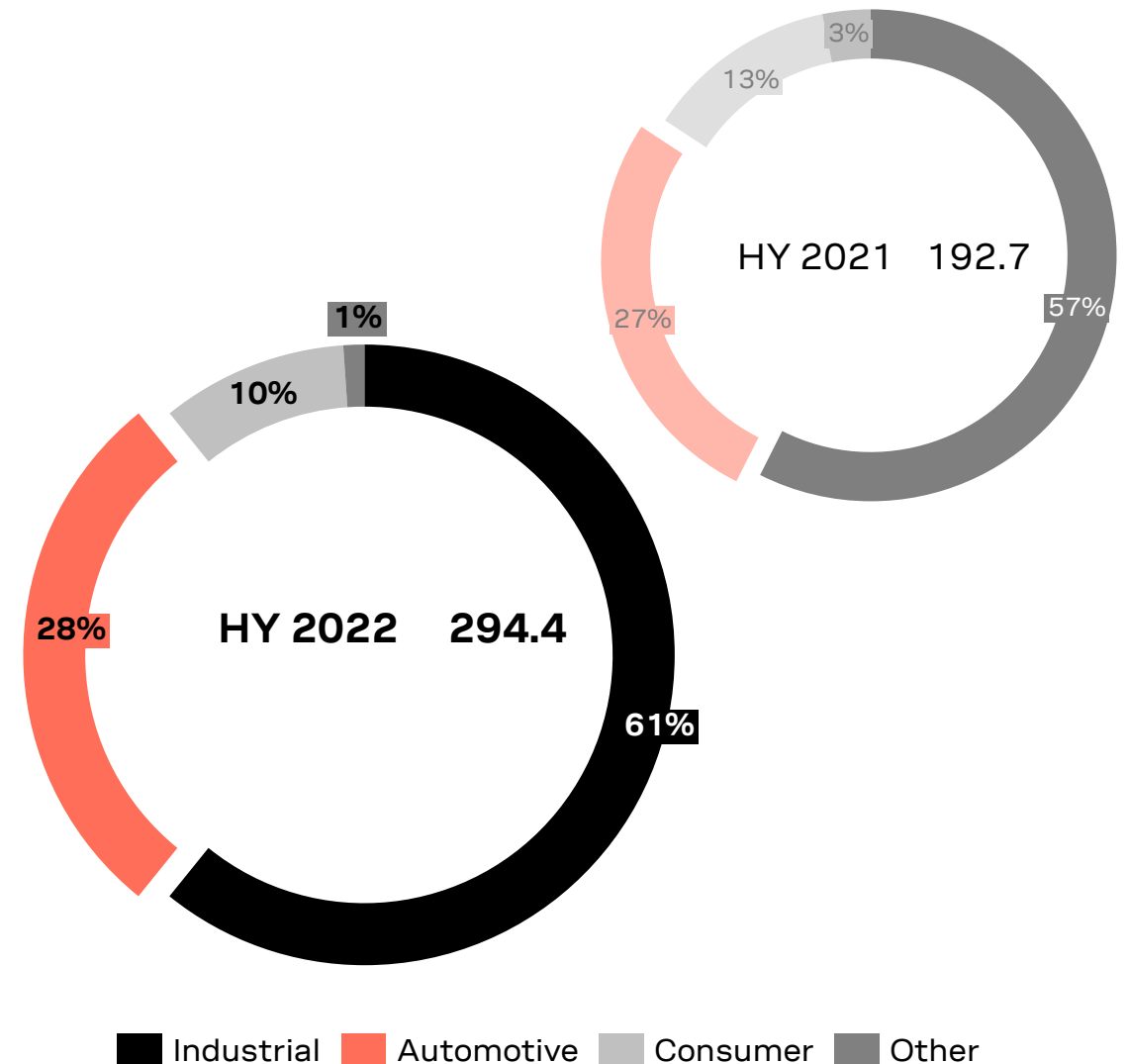


## Fast recovery

- In 1H 2022, revenue increased to CHF 84m from CHF 52m in 1H 2021 (+62%)
- Rebound occurred in all regions

## Expectations

- Continued strong demand
- China car output limited by shutdowns
- Autonomous driving remains in focus by OEMs
- An increase in electronics components due to a more complex system architecture in cars



# Update: Industrial



Very strong growth: +62% across many application sectors

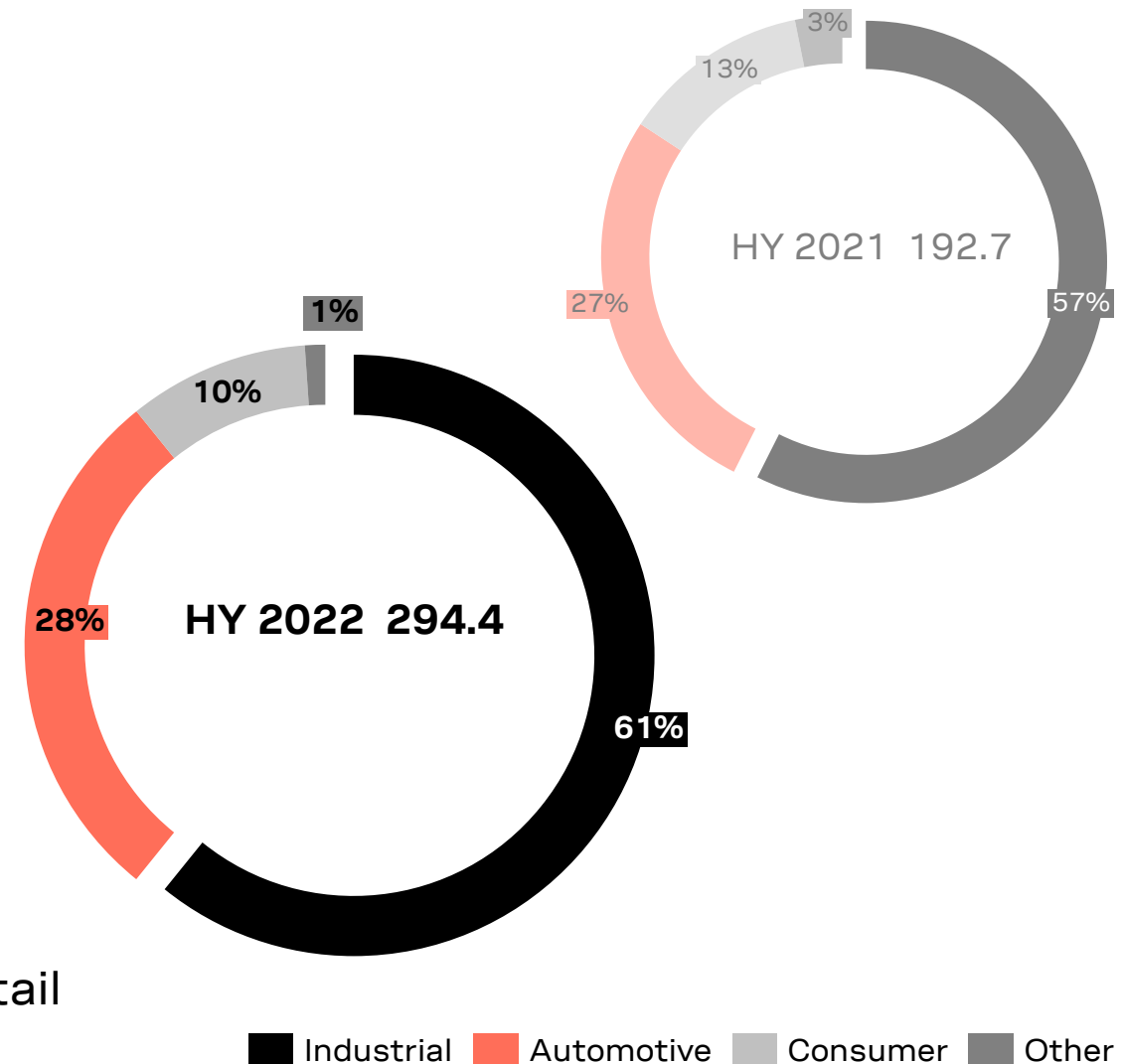
## Strong growth across all industries

- Revenue in 1H 2022 grew to CHF 179m from CHF 111m in 1H 2021 (+62%)
- Most application sectors growing

• UAV	✓
• Infrastructure	✓ ✓
• Automation, monitoring	✓ ✓
• Tracking, telematics	✓
• Healthcare	✓ ✓
• Network infrastructure	✓ ✓

## Expectations

- Accelerated trend for making devices connected
- Growth with large accounts and expansion of long tail



# Update: Consumer

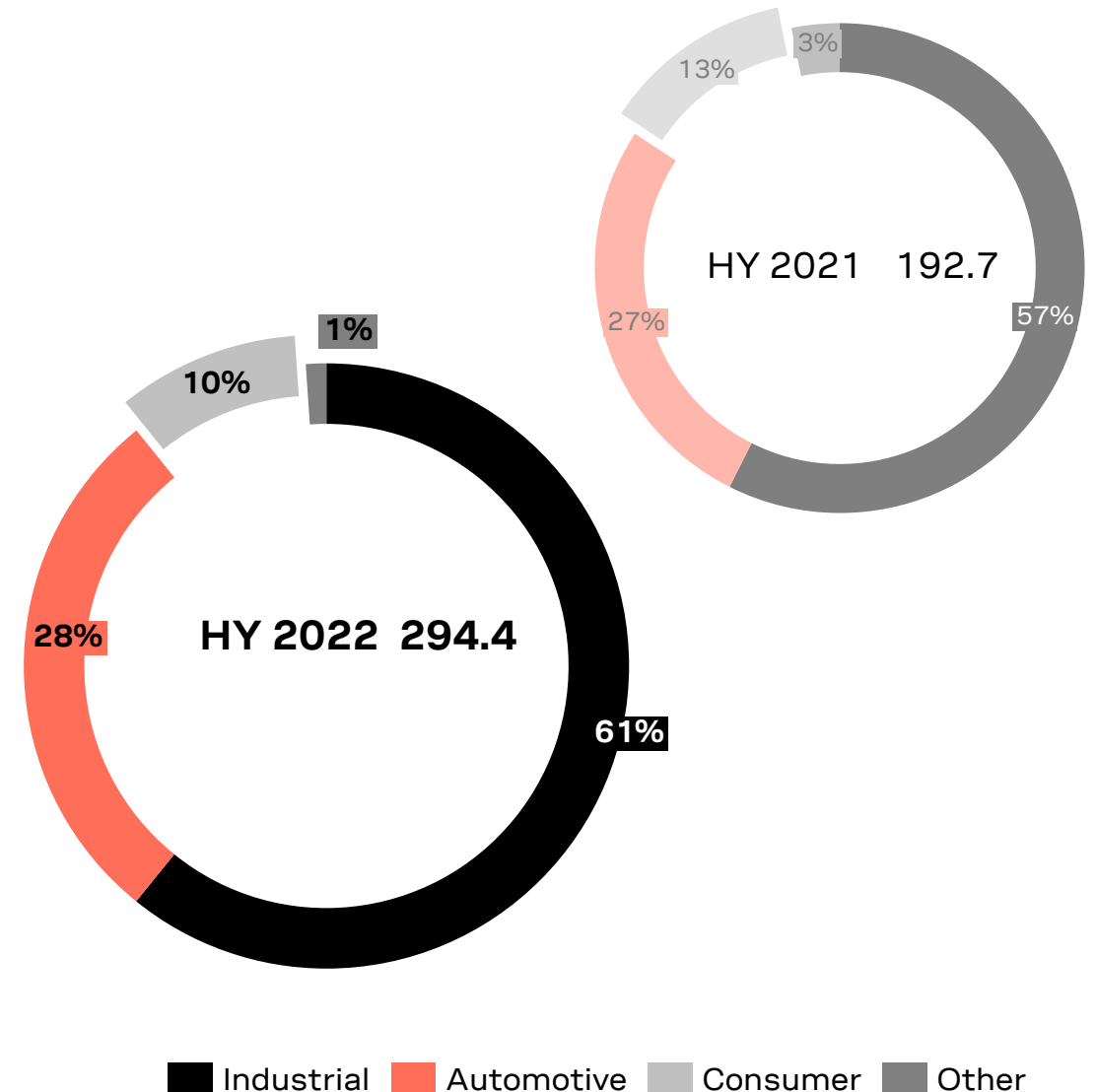
Continued growth: +18%

## Buoyant demand

- 1H 2022 revenue was CHF 29m vs. CHF 24 (+18%)
- Wearables and tracking devices in strong demand

## Expectations

- High touch devices a continued basis for growth
- Low-power solutions enable more use cases
- Consumer applications decreasing in share (10%)



# Product launches

Strongly enhanced solution capabilities across the entire platform

## **C** Cellular communication

### LARA-R6 and LENA-R8

Offer global cellular coverage with seamless roaming in small form factors. LARA-L6 is a perfect fit for demanding size-constrained applications including video surveillance, dashcams, high-end telematics, gateways and routers, and connected health devices.



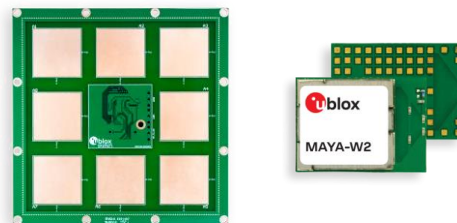
## **S** Short range radio communication

### ANT-B10

Bluetooth antenna board designed for integration into commercial end-products. It enables low power, high precision indoor positioning.

### MAYA-W2

This Wi-Fi 6 module brings the latest Wi-Fi technology to industrial and consumer mass-market applications, as in industrial automation, smart building & energy management, healthcare, smart home.



## **P** Positioning

### MIA-M10

The smallest GNSS module series to date and the most power-efficient solution for size-constrained asset tracking devices. The module targets an expanding market for people, pets and livestock trackers, as well as industrial sensors and consumer goods.



## **U** Services

### IoT certificate manager

A new security service that continuously renews device credentials in a fully automated mode.

# Customers: Xiaoan



Improves the positioning performance of shared electric bicycles

- Xiaoan's AT-MX uses the latest u-blox M10 GNSS technology to enhance the positioning performance of their fleet for improved compliance with increasingly stringent Chinese policy requirements.
- The intelligent central control system is an electronic control unit (ECU) specifically designed to improve the position accuracy of shared motorcycles and electric bicycles.



Micro mobility: e-bike user management

“After comparing the vast majority of positioning chips on the market, we concluded that the u-blox M10's performance was the best in the industry. Throughout our collaboration, u-blox extensively provided technical support and assistance from senior experts and testing solutions.”

Aaron Liu, COO, Wuhan Xiaoan Technology.



# Customers: Fitogether

Empowering sports teams, leagues, and fans with data



- Fitogether's GNSS-enabled Electronic Performance and Tracking Systems (EPTS) deliver highly accurate data that helps take individual and team performance to the next level.
- The solution uses tracking devices that players wear on their upper backs to sense location data and transmit it to an interactive platform that can be accessed by a laptop or a tablet.



eHealth: high data quality is vital for the solution to provide maximum value

“As data analytics continues to gain importance in professional and amateur sports, we are committed to staying ahead of the game in terms of positioning accuracy and expanding our business through innovation, with u-blox as a partner.”

Jinsung Yoon, CEO at Fittogether.

# Customers: Geespace



Global adoption of the u-blox PointPerfect high precision positioning service in particular for automotive applications.

- MoU for the expansion of their respective augmentation services for high precision applications to the US, European, and Chinese markets, primarily in the automotive sector.
- Data stream integrated in our Thingstream platform.

“We are proud to enter into this partnership with u-blox, a reliable and innovative provider with a long history in GNSS products and solutions. Through this partnership, we aim to provide a very competitive and comprehensive solution to support our automotive market in the USA and Europe, and to support the level of technological innovation our customers and car drivers expect from our products.”

Ding Sheng, CTO at Geespace.



Automotive: alliance with one of the most successful car makers in the automotive industry

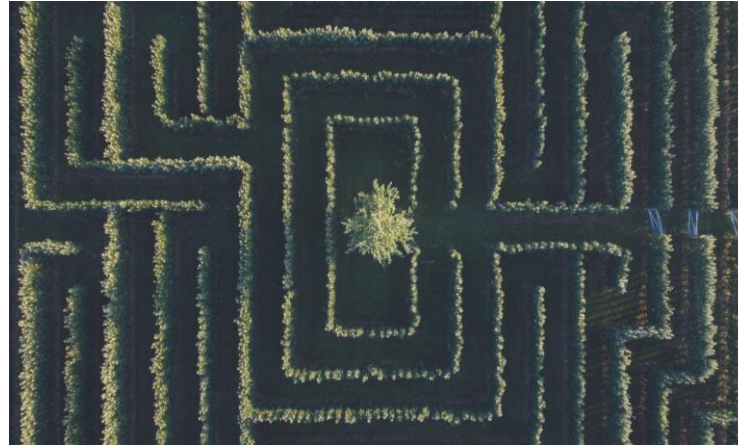
# Strategy

# Priorities for shareholder value



## Organic growth

- Investing in R&D with a long-term perspective
- Expanding sales channels
- Widening solution capabilities



## M&A

- Continually seeking opportunities for inorganic growth
- Bolt-on acquisition preferred
  - Strategic fit
  - Cultural fit
  - Financially accretive



## Shareholder value returns

- Consistent dividend policy (since IPO)

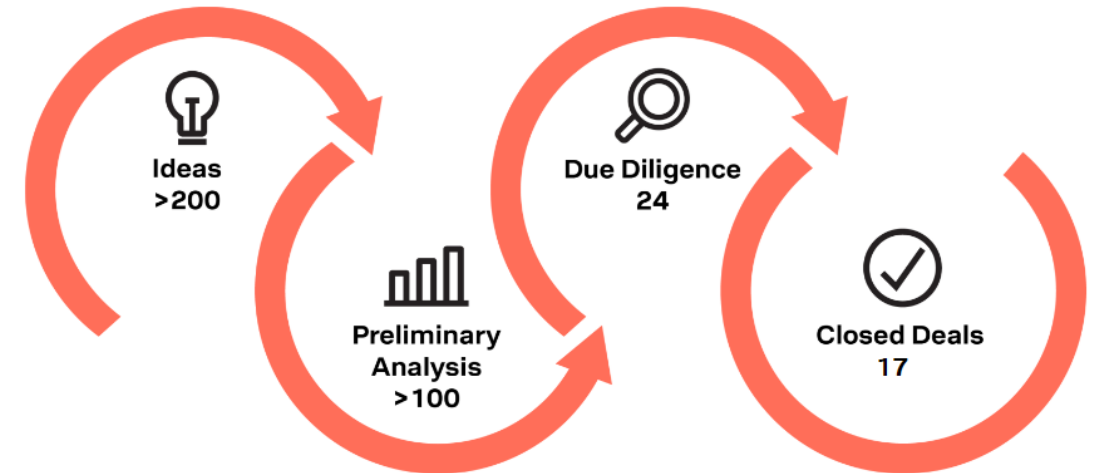
# Acquisition criteria

## Our M&A strategy



- M&A has always been a part of our long-term strategy; we successfully closed 17 transactions to date
- Target must complement product portfolio and add service component with a strong industrial logic
- Purchase price to enable shareholder value creation based on conservative synergy calculation
- Only willing to do acquisitions at reasonable valuation
- Business model, management and culture an ideal fit for u-blox
- Specific areas where we look for a complementary fit:
  - Technology acquisition
  - Gain economies of scale
  - Expanding customer footprint and cross selling
  - Recurring revenue models
- We continually maintain a pipeline of some 5 to 7 investment targets

## We maintain a continual stream of acquisition opportunities



An aerial photograph of a white wind turbine in a field. The turbine is positioned on the left side of the frame, with its three blades extending outwards. A long, dark shadow of the turbine is cast across the field towards the right. The field is characterized by numerous concentric, wavy lines, likely from a plowing or tilling operation. The overall scene is captured from a high angle, looking down at the turbine and the surrounding landscape.

# Outlook

# Guidance 2022



Very strong order book – revenues continually expanding

- Continued expansion of demand
  - Content extension in automotive
  - Expansion of industrial IoT
  - Healthy ramp-up with new products
- No direct impact from Ukraine crisis – however turbulence across global markets could impact our business
- Supply constraints for electronic components gradually to ease
- Record high orderbook
- NWC build-up to level off in 2H 2022

CHF	FY 2021 (adjusted)	Guidance 2022 <sup>(1) (2)</sup> (adjusted) as of 11 Mar 22	Guidance 2022 <sup>(1) (2)</sup> (adjusted) as of 30 May 22	Guidance 2022 <sup>(2) (3)</sup> (adjusted) as of 19 Aug 22
Revenue growth	+26.9%	+21...32%	+27...39%	+46...54%
EBITDA margin	17.4%	16...18%	17...21%	22...25%
EBIT margin	8.5%	8...10%	10...14%	16...19%

<sup>1)</sup> Exchange rate assumptions for 2022: Average rate of 2021 (USD: 0.914, EUR: 1.081, GBP: 1.257)

<sup>2)</sup> Changes as compared to FY 2021

<sup>3)</sup> Exchange rate assumptions for H2 2022: Average rate of H1 2022 (USD: 0.944, EUR: 1.032, GBP: 1.226)

FX-sensitivity against CHF:

+10% of	USD	EUR	GBP
Revenue	+ 9%	+ 1%	0%
EBITDA	+ 16%	0%	-2%
EBIT	+ 22%	- 1%	- 3%

# Q&A



# Upcoming events



- Capital Market's Day: 22 November 2022
- Full year 2022 results: 10 March 2023
- Annual General Meeting: 19 April 2023

# Investor relations contacts



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# Thank you for your attention