

Half Year Report 2019

Key figures USD thousands (except earnings per share)	Q2 2019	Q2 2018	Q1 2019	1st Half 2019	1st Half 2018
Revenues	415,241	241,593	385,937	801,178	655,196
Gross margin in % (adjusted – see footnote 1)	37%	15%	32%	35%	28%
Result from operations (adjusted – see footnote 1)	49,965	-46,438	23,247	73,212	24,162
Operating margin in % (adjusted – see footnote 1)	12%	-19%	6%	9%	4%
Net result (adjusted – see footnote 3)	25,143	-98,958	-9,352	15,791	-7,653
Basic / diluted earnings per share in CHF ²⁾ (adjusted – see footnote 3)	0.31 / 0.28	-1.24 / -1.19	-0.12 / -0.12	0.20 / 0.19	-0.10 / -0.10
Basic / diluted earnings per share in USD (adjusted – see footnote 3)	0.31 / 0.28	-1.19 / -1.15	-0.12 / -0.11	0.20 / 0.19	-0.10 / -0.10
Total backlog (excluding consignment stocks)	304,204	525,584	285,195	304,204	525,584

¹⁾ Excluding acquisition-related and share-based compensation costs.

²⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

³⁾ Net result and earnings per share excluding valuation effect of the option element of the USD convertible bond.

Second quarter revenues in upper half of guidance range with profitability above expectations; positive momentum for optical and 3D sensing technologies in Android market; strong third quarter expected with revenues of USD 600-640 million, up 49% quarter-on-quarter, based on consumer ramps; operational improvements drive significant increase in expected third quarter adjusted EBIT margin to above 25%

Report to shareholders on the second quarter and first half of 2019

Ladies and Gentlemen

Our second quarter and first half results show our business developing very positively despite a more muted demand environment in the smartphone and consumer market in the first two quarters. Demand trends stabilized in the second quarter and we saw no material impact from trade-related uncertainties. As mentioned previously, we expect strong revenue and profit growth in the third quarter based on high volume ramps in the consumer market.

Financial results

Second quarter group revenues were USD 415.2 million, up 8% sequentially compared to the first quarter and up 72% from USD 241.6 million in the same quarter 2018. Group revenues for the first half of 2019 were USD 801.2 million, up 22% compared to USD 655.2 million recorded in the first half of 2018. Adjusted gross margin for the second quarter was 37% (excluding acquisition-related and share-based compensation costs) with IFRS reported gross margin at 35% (including acquisition-related and share-based compensation costs), compared to 15% and 9% respectively in the same quarter 2018. For the first half of 2019, adjusted gross margin stood at 35% (excluding acquisition-related and share-based compensation costs) and IFRS reported gross margin at 32% (including acquisition-related and share-based compensation costs), compared to 28% and 24% respectively in the first half of 2018.

The adjusted result from operations (EBIT) for the second quarter was USD 50.0 million or 12% of revenues (excluding acquisition-related and share-based compensation costs), strongly increasing from a loss of USD 46.4 million in the same period 2018 (USD 21.9 million or 5% of revenues including acquisition-related and share-based compensation costs, up from a loss of USD 72.8 million in the same period 2018). For the first half of 2019, the adjusted EBIT was USD 73.2 million (excluding acquisition-related and share-based compensation costs), up from USD 24.2 million in the same period 2018 (USD 17.5 million including acquisition-related and share-based compensation costs, up from a loss of USD 30.3 million in the first half year 2018).

Adjusted net income for the second quarter was USD 25.1 million (excluding valuation effect of option element of foreign currency convertible bond), compared to a loss of USD 99.0 million for the same period 2018 (second quarter 2019: USD 25.2 million including valuation effect). Adjusted basic/diluted earnings per share for the second quarter were CHF 0.31/0.28 or USD 0.31/0.28 based on 80,773,555/86,504,145 shares (weighted average; second quarter 2019: CHF 0.31/0.28 or

USD 0.31/0.28 including valuation effect; second quarter 2018: CHF -1.24/-1.19 or USD -1.19/-1.15 based on 83,377,425/86,388,635 shares, weighted average). Adjusted net income for the first half year 2019 was USD 15.8 million (excluding valuation effect of option element of foreign currency convertible bond), compared to a loss of USD 7.7 million for the same period 2018 (first half 2019: USD 15.8 million including valuation effect). Adjusted basic/diluted earnings per share for the first half were CHF 0.20/0.19 or USD 0.20/0.19 per share based on 80,504,466/81,864,338 shares (weighted average; first half 2019: CHF 0.19/0.19 or USD 0.20/0.19 including valuation effect; first half 2018: CHF -0.10/-0.10 or USD -0.10/-0.10 based on 77,344,938/80,159,144 shares, weighted average).

Operating cash flow for the second quarter was USD 50.7 million compared to USD -69.1 million in the same quarter last year, while operating cash flow for the first half was USD 145.7 million compared to USD -17.6 million in the first half year 2018. Total backlog on 30 June 2019 (excluding consignment stock agreements) was USD 304.2 million compared to USD 285.2 million at the end of the first quarter and USD 525.6 million on 30 June 2018.

Business overview

Our business performed well in the second quarter and first half of 2019 with second quarter results in the upper half or above the published expectation range. This strong development was again driven predominantly by our consumer business where the demand environment turned more supportive compared to the previous quarter.

Our consumer business once more provided the largest contribution to our overall results. We hold a leading market position in optical sensing where our extensive portfolio comprises advanced solutions for 3D sensing including VCSEL (Vertical Cavity Surface-Emitting Laser)-based illumination, high quality display management including behind-OLED and TrueColor technologies, micro-scale proximity sensing, bio- and spectral sensing, and other optical applications. We are a leader in 3D sensing technologies and an important supplier of high volume 3D sensing solutions. Our extensive 3D sensing portfolio and system know-how covers all three technologies structured light (SL), time-of-flight (ToF), and active stereo vision (ASV) for both front-facing and world-facing 3D systems with a current focus on 3D illumination.

The anticipated positive momentum in 3D sensing adoption shows as we move through the current year and look at market developments going forward. We are shipping 3D sensing solutions to the world's top smartphone OEMs in volume while we added an expanding volume base in the Android market in the first half. As we move along a multi-year adoption timeline for front-facing 3D sensing and are in the very early stages of a comparable multi-year timeline for world-facing applications we are able to serve different customer needs across all three technologies. Offering projection, illumination and distance measurement solutions in our extensive 3D portfolio for SL, ToF and ASV, we continue to strengthen our market position in 3D illumination and see further device launches in the second half of this year. Our advanced VCSEL technology offers advantages in 3D sensing illumination for all 3D technologies which make our high power VCSEL portfolio a key driver of our ongoing success in 3D sensing. We are able to provide full 3D illumination solutions to OEMs which incorporate VCSELs, VCSEL drivers, optics, module design and/or manufacturing. Given their high differentiation and optimized performance the solutions create a competitive advantage compared to VCSEL-focused vendors.

Following platform launches in the first half, we have already shipped high volumes of illumination products for first world-facing iToF 3D sensing systems at two leading Android OEMs as our business with major Asian OEMs is not facing any noticeable constraint due to the current trade-related uncertainties. We are supplying increasing volumes in this area as we enter the second half supporting camera enhancing features and see a positive momentum for this business in the coming year. Other 3D sensing solutions continued to ship in substantial volumes through the second quarter as anticipated. We recently announced another partnership in 3D sensing with leading Chinese software expert MEGVII to accelerate market availability of ASV designs for consumer-oriented 3D authentication outside smartphones. The reference designs will target applications such as access control/locks and point-of-sale payment systems. The partnership confirms the growing market interest in expanding 3D authentication to additional areas as well as our leading position in 3D sensing which makes us a preferred partner in 3D sensing development. We are also seeing very good market traction for our long-distance 1D ToF solution for precise distance measurement up to around 2.5 meters. Here we have won a first design for laser detect autofocus (LDAF) for backside cameras and see further opportunities in the smartphone market as well as in IoT.

We have recently also entered into an important partnership with China-based leading image sensor vendor SmartSens in the field of illumination and Near Infrared (NIR) image sensing for 2D and 3D solutions and applications requiring high quantum efficiency (QE) in the NIR range. Together, we will first advance an ASV reference design for consumer 3D applications based on the latest near-infrared (NIR) image sensor with state-of-the-art QE of up to 40% and our illumination system capabilities. We are excited about this partnership for faster time to market which leverages our 3D illumination offering and core IP in global shutter technology to enable high performance depth maps for payment, face recognition and AR/VR at competitive system cost. Importantly, this partnership extends into the sizeable automotive market where it will help enable innovative applications for 2D and 3D in-cabin optical sensing such as driver monitoring and identification, and accelerate time to market. The co-operation will also advance industrial opportunities, here we are already engaging with a large OEM for an ASV application in a consumer-oriented household device. Together with the co-operation with MEGVII, the partnerships underscore the attractiveness of ASV for a broad spectrum of cost-efficient 3D solutions with wide-ranging appeal in diverse markets.

Leveraging our different 3D technology partnerships, we are strengthening our leadership position in 3D sensing which is built around hardware and software IP and our industry-leading portfolio and system expertise. We see positive momentum for this market as application areas for 3D technologies continue to broaden, opening up new opportunities for the future.

In display management, we are recording high shipment volumes of our new solutions for high performance behind-OLED-display proximity and light sensing which demonstrate the excellent success of this innovation shortly after market introduction. Our behind-OLED sensing enables OEMs to place light and proximity sensing invisibly behind the OLED display in order to pursue maximized screen-to-body ratio and bezel-less phone designs. We are already supplying several major Asian OEMs for a range of recently launched high volume smartphone platforms which are successful in the market. Supporting the trend to remove bezel-placed elements from the front side of smartphones, this unmatched technology is showing very good traction at consumer OEMs with behind-OLED sensing adoption expected to expand meaningfully into the next year. Significant shipments of customized

TrueColor sensing solutions for advanced display management continued in the quarter, while we are shipping high volumes of new flicker detection light sensors, which improve picture quality by detecting artificial light flicker, to several Asian smartphone OEMs.

Our development focus on new optical sensing technologies and applications is unchanged including biosensing and under-display optical technologies with a roadmap for 3D. As mentioned, our biosensing solution offers high quality blood pressure measurement providing valuable personal health data which we augment by further health-related information. We are actively engaging with OEMs for future devices and pursue medical grade certification for blood pressure measurement in the United States which is expected by year-end, to be followed by China. Our audio sensing business performed well in the first half while our other consumer product lines saw attractive volumes at a range of OEMs. Leading in audio and active noise cancellation, we have launched an innovative solution for high quality noise cancelling for loose-fitting wireless earbuds and are seeing strong interest from consumer OEMs. Additionally, our exclusive augmented hearing technology allows relevant audio information such as speech to selectively by-pass the noise cancellation.

Our automotive, industrial, and medical businesses showed an overall good performance in the second quarter and first half that tracked expectations. Our automotive business recorded a second quarter in line with expectations, successfully navigating through a more challenging market environment with continuing mixed end demand across regions. Based on a diversified solution and customer portfolio, our main focus are applications for safety, driver assistance/autonomous driving, position sensing, and chassis control. While automotive sensing content continues to expand, our focus areas are not propulsion technology-specific allowing us to benefit irrespective of propulsion technology market shares. In the quarter, we announced details around the previously reported large program for VCSEL illumination in solid-state 3D LIDAR where we work with tier 1 system supplier ZF and technology partner IBEO. Strong development activities continue for this program where we are able to combine the advantages of non-scanning and scanning approaches into a true solid-state scanning architecture based on addressable VCSEL arrays. Given our strong automotive VCSEL capabilities we are actively engaged with additional tier 1 system vendors in multiple regions for LIDAR illumination. As mentioned above, we are also addressing sizeable opportunities in other new automotive optical and 2D/3D sensing such as in-cabin monitoring. We are moving ahead in development of 3D illumination for an in-cabin ToF sensing solution for a tier 1 supplier and are able to address several content opportunities in different system designs for this market. Additionally, we see attractive momentum in automotive projected lighting where applications for miniaturized projector solutions are bound to expand from today's focus on comfort to innovative safety and differentiated lighting features.

Our industrial business recorded attractive results in the second quarter and first half despite an overall less favorable demand environment for industrial applications. We serve the industrial and factory automation, HABA, other industrial sensing, and industrial imaging markets as a leading provider of industrial sensing solutions and continued to see broad-based contributions from a wide range of applications. Our imaging business is seeing ongoing positive momentum reflecting our leadership in global shutter technology while the above mentioned partnership with SmartSens for high performance NIR sensors leverages our combined IP in this area. Our medical business was again successful in the second quarter with digital imaging for computed tomography (CT), digital X-ray,

Half Year Report

2019



mammography, and miniature camera applications contributing positively to our results. In the growth region Asia/Pacific we see ongoing positive traction for our medical imaging portfolio enabling us to strengthen our market position. Market momentum for our leading micro camera solutions continues to increase as application opportunities expand into multiple end markets.

In manufacturing operations, we have been able to significantly improve the efficiency of production processes in Singapore resulting in more efficient staffing and materials usage. These advances are driving clear benefits for our operational performance as capacity utilization increases with expected higher production volumes in the third quarter and second half. The strongly higher VCSEL volumes we are shipping this year compared to 2018 are supported by our expanded outsourced supply chain comprising several partners. Our internal VCSEL production line is moving towards the expected start of its multi-quarter production ramp around year-end as previously mentioned. In line with previous expectations, we see significantly lower capital expenditures for 2019 compared to last year with the dominant share of expenditures completed in the first half of 2019.

We recently confirmed that we have been engaged in discussions with OSRAM Licht AG regarding a potential transaction. We require M&A opportunities to be strategically compelling and demonstrably value enhancing, and for larger transactions, financially accretive, achievable with a sustainable capital structure and fitting ams' financial model. Against this background and under the circumstances at the time, we did on 15 July 2019 not see a sufficient basis for continuing the discussions with OSRAM Licht AG. However, as part of our technology-led M&A strategy we continue to evaluate all opportunities with the objective to create value for our shareholders while satisfying the criteria above and have on 23 July 2019 decided to re-evaluate a potential transaction with OSRAM Licht AG. In addition, we were recently approached by potential financial partners and have exchanged views which confirm our belief that we can arrange prudent and committed financing for this potential transaction.

Outlook

For the third quarter 2019, we expect strong sequential and year-on-year growth driven by high volume ramps for smartphone sensing solutions while our other end markets continue their contribution to our overall results. Based on available information, we expect third quarter revenues of USD 600-640 million, up 49% sequentially and 29% year-on-year at the midpoint, which reflect the strength of our portfolio in high performance consumer applications such as 3D and light sensing. On the basis of current information, we also expect the third and fourth quarter to show a comparable revenue scale.

Benefitting from higher capacity utilization and positive effects from the significant improvements in operational and manufacturing performance, we expect the adjusted operating (EBIT) margin for the third quarter to increase strongly to above 25%, more than doubling quarter-on quarter and up more than 90% year-on-year. Based on our positive outlook, we currently target leverage in terms of net debt / EBITDA to decrease significantly to a level of below 2 at year-end 2019.

Premstaetten, 23 July 2019

Alexander Everke, CEO
Thomas Stockmeier, COO

Michael Wachslar-Markowitsch, CFO
Mark Hamersma, Chief Business Development Officer

Consolidated Income Statement

(unaudited)

USD thousands (except earnings per share)	Q2 2019	1st Half 2019	Q2 2018	1st Half 2018
Revenue Products	402,673	772,099	229,425	632,211
Revenue Foundry & Other	12,568	29,078	12,168	22,984
Total revenues	415,241	801,178	241,593	655,196
Cost of sales	-271,168	-543,499	-218,690	-497,170
Gross profit	144,073	257,679	22,903	158,025
Gross margin in %	35%	32%	9%	24%
Research and development	-76,910	-155,064	-57,338	-113,515
Selling, general and administrative	-47,425	-91,203	-40,085	-80,030
Other operating income	2,546	6,649	2,377	6,059
Other operating expense	-473	-516	-459	-564
Result from equity investments	65	-87	-156	-238
Result from operations	21,876	17,458	-72,758	-30,262
Net financing result	5,069	2,278	41,966	71,315
Result before tax	26,945	19,736	-30,792	41,052
Income tax result	-1,788	-3,941	-2,256	-3,694
Net result	25,157	15,795	-33,048	37,358
Basic / diluted earnings per share in CHF ¹⁾	0.31 / 0.28	0.19 / 0.19	-0.41 / -0.40	0.50 / 0.45
Basic / diluted earnings per share in USD	0.31 / 0.28	0.19 / 0.19	-0.40 / -0.38	0.48 / 0.43

¹⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective period.

Statement of Comprehensive Income

(unaudited)

USD thousands	Q2 2019	1st Half 2019	Q2 2018	1st Half 2018
Net result	25,157	15,795	-33,048	37,358
Items that will never be reclassified to profit and loss				
Measurement at fair value of financial assets	-13	-1,986	-36	-490
Items that may be reclassified to profit and loss				
Translation adjustment	-29,448	11,992	108,989	60,939
Measurement at fair value of financial assets	0	0	-681	-634
Other comprehensive income	-29,461	10,006	108,271	59,814
Total comprehensive income	-4,304	25,801	75,223	97,173

Consolidated Balance Sheet

(unaudited)

USD thousands	June 30, 2019	December 31, 2018
Assets		
Cash and cash equivalents	480,517	702,115
Trade receivables	179,623	135,912
Inventories	318,335	348,076
Other receivables and assets	46,393	42,701
Assets held for sale	114,251	0
Total current assets	1,139,120	1,228,803
Property, plant and equipment	1,329,852	1,355,038
Intangible assets	1,341,975	1,372,018
Investments in associates	3,251	3,325
Deferred tax assets	18,376	18,344
Other long-term assets	8,545	8,229
Long-term financial assets	36,764	40,033
Total non-current assets	2,738,764	2,796,987
Total assets	3,877,883	4,025,790
Liabilities and shareholders' equity		
Liabilities		
Interest-bearing loans and borrowings	299,948	247,106
Trade liabilities	152,485	197,539
Tax liabilities	17,433	18,481
Provisions	89,562	90,604
Other liabilities	70,022	62,391
Liabilities associated with assets held for sale	663	0
Total current liabilities	630,112	616,120
Interest-bearing loans and borrowings	1,567,922	1,795,851
Employee benefits	47,044	45,282
Deferred tax liabilities	71,628	73,750
Other long-term liabilities	97,457	41,771
Total non-current liabilities	1,784,051	1,956,655
Shareholders' equity		
Issued capital	94,812	94,812
Additional paid-in capital	802,093	797,354
Treasury shares	-164,533	-133,045
Other reserves	-8,390	-20,382
Retained earnings	739,739	714,276
Total shareholders' equity and reserves	1,463,720	1,453,015
Total liabilities and shareholders' equity	3,877,883	4,025,790

Consolidated Statement of Cash Flows

(unaudited)

USD thousands	Q2 2019	1st Half 2019	Q2 2018	1st Half 2018
Operating activities				
Result before tax	26,945	19,736	-30,792	41,052
Depreciation (net of government grants)	76,906	152,572	57,437	111,488
Expense from stock option plan	9,802	18,512	5,469	10,799
Changes in other long-term liabilities	-5,546	-4,314	70	-1,235
Result from sale of plant and equipment	-5	-5	-5	-25
Result from investments in associates	-65	87	156	238
Net financing cost	-5,069	-2,278	-41,966	-71,315
Change in inventories	-6,989	15,092	-37,865	-33,706
Change in trade and other receivables	-49,577	-46,999	10,703	37,657
Change in trade and other payables	10,803	-3,990	-27,440	-85,432
Change in provisions and employee benefits	-2,742	2,317	-1,475	-18,370
Tax Payments	-3,750	-4,991	-3,351	-8,748
Cash flows from operating activities	50,713	145,738	-69,060	-17,597
Investing activities				
Acquisition of intangibles, property, plant and equipment	-47,933	-134,855	-155,355	-314,286
Acquisition of subsidiaries net of cash acquired	0	-9,096	-2,423	-27,948
Acquisition of other financial investments	0	0	0	-2,708
Proceeds from sale of plant and equipment	1	1	10	29
Interest received	1,713	3,340	784	1,477
Cash flows from investing activities	-46,220	-140,610	-156,984	-343,436
Financing activities				
Proceeds from borrowings	224	14,212	56,525	56,525
Repayment of debt	-68,959	-108,825	-620	-339,963
Repayment of finance lease liabilities	-6,668	-10,627	-22	-43
Proceeds from issue of convertible notes	0	0	0	687,056
Repayment of convertible notes	-75,392	-75,392	0	0
Acquisition of treasury shares	-3,175	-34,211	-17,787	-138,889
Sale of treasury shares	647	1,848	485	11,930
Interest paid	-3,154	-9,440	-2,188	-6,735
Dividends paid	0	0	-30,970	-30,970
Cash flows from financing activities	-156,476	-222,436	5,424	238,911
Net increase in cash and cash equivalents	-151,983	-217,308	-220,620	-122,121
Effects of changes in foreign exchange rates on cash and cash equivalents	-7,001	-4,289	2,480	-2,221
Cash and cash equivalents pledged as security	0	0	0	35,911
Cash and cash equivalents at begin of period	639,501	702,115	453,560	323,852
Cash and cash equivalents at end of period	480,517	480,517	235,421	235,421

Changes in Equity

(unaudited)

USD thousands	Issued capital	Additional paid-in capital	Treasury shares	Other reserves	Retained earnings	Total shareholders' equity
Total equity as of January 1, 2018	94,812	648,694	-214,302	-237,422	638,237	930,019
Net result	0	0	0	0	37,358	37,358
Valuation of available for sale financial instruments	0	0	0	0	-1,124	-1,124
Translation adjustment	0	0	0	60,939	0	60,939
Comprehensive income	0	0	0	60,939	36,234	97,173
Share based payments	0	-8,335	0	0	0	-8,335
Dividends paid	0	0	0	0	-30,970	-30,970
Option rights for convertible bond	0	105,089	0	0	0	105,089
Payable from share buyback obligation	0	-10,793	-84,487	123,658	0	28,377
Acquisition of treasury shares	0	0	-139,435	0	0	-139,435
Sale of treasury shares	0	0	416,743	0	0	416,743
Total equity as of June 30, 2018	94,812	734,654	-21,481	-52,825	643,501	1,398,661
Total equity as of January 1, 2019	94,812	797,354	-133,045	-20,382	714,276	1,453,015
Net result	0	0	0	0	15,795	15,795
Valuation of available for sale financial instruments	0	0	0	0	-1,986	-1,986
Translation adjustment	0	0	0	11,992	0	11,992
Comprehensive income	0	0	0	11,992	13,809	25,801
Share based payments	0	16,539	0	0	0	16,539
Convertible bond buyback	0	-11,801	0	0	11,655	-146
Acquisition of treasury shares	0	0	-33,516	0	0	-33,516
Sale of treasury shares	0	0	2,028	0	0	2,028
Total equity as of June 30, 2019	94,812	802,093	-164,533	-8,390	739,739	1,463,720

Selected information from the Notes on the Condensed Consolidated Interim Financial Statements as of June 30, 2019

(unaudited)

For consistency of presentation, selected information from the notes on the condensed consolidated financial interim statements has been converted to USD.

1. Segment reporting and revenues

The geographic regions are structured by the three regions in which sales occur: “EMEA” (Europe, Middle East and Africa), “Americas” and “Asia/Pacific”. In presenting information on the basis of geographical regions, segment revenue is based on the geographical billing location of customers. Revenues from one customer of the segment Consumer amount to USD 155,415 thousand (1st half 2018: USD 114,421 thousand). This customer is a distributor that serves different end customers.

The segment key figure “Result from operations” consists of gross profit, expenses for research and development, expenses for selling, general and administrative as well as other operating income and expenses.

The segment assets basically comprise the allocable assets, i.e., customer receivables as well as segment specific tangible and intangible assets. The reconciliations comprise items which by definition are not part of the segments. In the reporting period 2019, the internal reporting of ams was restructured, by allocating the under absorption of the production area to the respective segment. This adjustment was also made for the prior period of 2018 to ensure better comparability.

USD thousands	1st Half 2019				1st Half 2018			
	Con-sumer	Non-Con-sumer	Foundry	Total	Con-sumer	Non-Con-sumer	Foundry	Total
Consolidated revenues	532,468	239,631	29,078	801,178	429,732	202,479	22,984	655,196
Research & development	66,653	54,889	958	122,500	57,139	57,860	656	115,656
Result from operations	22,957	32,966	9,161	65,085	-39,275	18,861	5,989	-14,424

USD thousands	June 30, 2019				December 31, 2018			
	Con-sumer	Non-Con-sumer	Foundry	Total	Con-sumer	Non-Con-sumer	Foundry	Total
Segment assets	844,552	63,492	5,851	913,896	897,669	62,457	7,612	967,738

Reconciliation of segment results to income statement

USD thousands	1st Half 2019	1st Half 2018
Result from operations per segment reporting	65,085	-14,424
Result from investments in associates	-86	-238
Depreciation from Purchase Price Allocation	-37,061	-41,272
Subsidies for research and development	2,829	3,202
Unallocated corporate costs	-13,309	22,468
Result from operations	17,458	-30,262
Financial result	2,278	71,315
Result before tax	19,736	41,052

Reconciliation of segment assets to total assets

USD thousands	June 30, 2019	Dec 31, 2018
Assets per segment reporting	913,897	967,738
Intangible assets derived from PPA	1,165,764	1,281,387
Property, plant and equipment	575,816	518,539
Inventories	318,335	348,076
Cash, cash equivalents and financial assets	480,517	702,115
Deferred tax asset	18,376	18,344
Intangible assets	194,166	93,856
Investments in associates	3,250	3,317
Financial assets	36,765	40,033
Assets held for sale	114,251	0
Other assets	56,746	52,385
	3,877,883	4,025,790

Revenues per geographical segments

In the following table the external revenue is split by the primary geographic segments.

USD thousands	1st Half 2019/2018							
	Consumer		Non-Consumer		Foundry		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Primary geographical segments								
Americas	3,122	54,030	18,447	15,444	1,178	701	22,747	70,175
Asia / Pacific	469,410	347,204	107,193	81,929	6,140	6,861	582,743	435,994
EMEA ¹⁾	59,936	28,498	113,991	105,106	21,760	15,422	195,688	149,026
Total	532,468	429,732	239,631	202,479	29,078	22,984	801,178	655,196

1) Europe, Middle East, Africa

Revenues per countries

USD thousands	1st Half 2019	1st Half 2018
Taiwan	337,852	216,550
Japan	102,517	108,581
UK	68,919	15,520
Germany	64,319	71,294
Hong Kong	59,990	23,039
China	47,863	32,548
Austria	831	521
Others	118,886	187,141
Total	801,178	655,195

Long-term assets per geographical areas

USD thousands	June 30, 2019	Dec 31, 2018
Austria	1,589,221	1,647,398
Switzerland	80,348	897,115
Singapore	926,885	123,109
Others	75,373	59,434
Total	2,671,828	2,727,056

2. Assets held for sale

In March 2019, ams announced and signed an agreement to set up a joint venture with Wise Road Capital to advance the development of environmental, flow and pressure sensors business for the global market. The structure of the joint venture reflects a minority interest of ams. Under the agreement, ams will transfer employees, IP, sensor products and solutions and related customers to the joint venture with the aim to further advance and develop the existing business. Consequently, ams will place a greater focus on its key competencies and three strategic pillars optical, imaging and audio sensing.

As a result, the assets (primarily property, plant and equipment, intangible assets and inventories) and liabilities (employee obligations) associated with this business have been classified as assets held for sale. The planned closing of the transaction is scheduled for Q3 2019.

3. Number of employees

The average number of employees was 8,543 during the first half of 2019, compared to 9,935 during the first half of 2018.

4. Seasonality - economic cycles

In the past, results have varied from quarter to quarter as revenues are derived from a number of end markets which may display different seasonal demand patterns over the course of a calendar year. The company currently derives a substantial portion of its revenues from the consumer electronics market, which has in the past displayed meaningful seasonality between quarters due to factors such

as consumer acceptance of technologies, changes in buying behavior and seasonal demand before major holidays such as Christmas. In addition, general economic cycles may have an additional impact on demand for the company's products across end markets. As the net effect of the different factors mentioned above may differ from quarter to quarter and cannot be predicted, variations of the company's quarterly results will continue in the future.

5. Related parties

There were no changes regarding the group's related entities. Besides the replacement of the Supervisory Board seat of Mr. Jacob Jacobsson with Mr. Brian Krzanich there were no changes regarding group's related parties.

6. Financial Instruments

Summary of financial instruments recorded on the balance sheet date as of June 30, 2019:

USD thousands	Hold and sell	Derivatives	Hold	Cash	Carrying amount	Fair value
Short-term financial assets						
Cash and cash equivalents	0	0	0	480,517	480,517	480,517
Financial assets	0	0	0	0	0	0
Trade receivables	0	0	179,623	0	179,623	179,623
Other receivables and assets						
thereof financial assets	0	0	24,330	0	24,330	24,330
Long-term financial assets						
thereof financial assets at FVOCI	5,697	0	0	0	5,697	5,697
thereof financial assets at FVTPL	31,067	0	0	0	31,067	31,067
thereof financial assets at amortized cost	0	0	13,741	0	13,741	13,741
	36,765	0	217,694	480,517	734,974	734,974

USD thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest bearing loans and borrowings	0	299,949	299,949	296,997
Trade payables	0	152,484	152,484	152,484
Other liabilities				
thereof financial liabilities	8,598	15,224	23,822	23,822
Interest bearing loans and borrowings	0	1,567,922	1,567,922	1,552,498
Other long-term liabilities				
thereof financial liabilities	11,321	0	11,321	11,321
	19,919	2,035,578	2,055,498	2,037,124

Summary of financial instruments recorded on the balance sheet date as of December 31, 2018:

USD thousands	Hold and sell	Derivatives	Hold	Cash	Carrying amount	Fair value
Short-term financial assets						
Cash and cash equivalents	0	0	0	702,115	702,115	702,115
Financial assets	0	0	0	0	0	0
Trade receivables	0	0	135,912	0	135,912	135,912
Other receivables and assets						
thereof financial assets	0	0	19,934	0	19,934	19,934
Long-term financial assets						
thereof financial assets at FVOCI	7,601	0	0	0	7,601	7,601
thereof financial assets at FVTPL	32,443	0	0	0	32,443	32,443
thereof financial assets at amortized cost	0	0	6,306	0	6,306	6,306
	40,044	0	162,152	702,115	904,310	904,310

Half Year Report

2019



USD thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest bearing loans and borrowings	0	247,107	247,107	244,675
Trade payables	0	197,539	197,539	197,539
Other liabilities				
thereof financial liabilities	5,881	13,752	19,634	19,634
Long-term financial liabilities				
Interest bearing loans and borrowings	0	1,795,852	1,795,852	1,778,186
Other long-term liabilities				
thereof financial liabilities	19,990	468	20,458	20,458
	25,872	2,254,718	2,280,588	2,260,493

June 30, 2019 USD thousands	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	0	0	0	0
Long-term financial assets				
Financial assets	32,053	0	4,710	36,765
	32,053	0	4,710	36,765
Short-term financial liabilities				
Interest bearing loans	0	0	8,598	8,598
Long-term financial liabilities				
Interest bearing loans	0	537	10,784	11,321
	0	537	19,382	19,919

December 31, 2018 USD thousands	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	0	0	0	0
Long-term financial assets				
Financial assets	33,390	0	6,643	40,033
	33,390	0	6,643	40,033
Short-term financial liabilities				
Other liabilities	0	0	5,881	5,881
Long-term financial liabilities				
Other liabilities	0	540	19,450	19,990
	0	540	25,330	25,871

On March 12, 2019, ams announced the repurchase of its issued USD and EUR convertible bonds with a total volume of up to USD 100 million. The repurchase started on March 27, 2019 and will be upheld until 30 December 2019 at the latest. By June 30, 2019, ams has repurchased 148 units of the USD convertible bond and 339 units of the EUR convertible bond. This resulted in a financial profit of USD 18,320 thousand and a reduction of balance sheet liabilities of USD 93,626 thousand.

Contingent liabilities result from the acquisition of KeyLemon (USD 5,056 thousand) in 2018, Princeton (USD 0 thousand) in 2017, the acquisition of CCMOSS (USD 11,227 thousand) in 2016 and Incus (USD 3,101 thousand) in 2016.

Upon acquisition of KeyLemon in 2018, ams agreed to pay a contingent consideration to the sellers. The group committed to a sale-related payment of up to USD 5,056 thousand (December 31, 2018: USD 4,983 thousand). Basis for the valuation is the number of products sold with KeyLemon IP until March 31, 2021.

The acquisition of Princeton in 2017 resulted in a contingent liability. The group committed to a sale-related payment. Basis for the valuation were the revenues in 2017 and 2018 with products based on Princeton IP. As of June 30, 2019 the contingent liability was released and no longer exists (December 31, 2018: USD 5,522 thousand).

Another purchase price liability results from the acquisition of CCMOSS in 2016. The group committed to pay a revenue-dependent purchase price share of up to USD 11,227 thousand (December 31, 2018: USD 11,227 thousand) to the seller. The purchase price liability includes a revenue-related earn-out model up to and including 2020. Basis for the valuation is long-term sales planning of products based on CCMOSS technology.

The acquisition of Incus in 2016 results in a contingent liability of USD 3,101 thousand (December 31, 2018: USD 3,108 thousand). The purchase price liability includes a license earn-out model up to and including 2022. This model includes royalty payments to the seller for products based on Incus technology. Basis for the valuation is the long-term sales planning for these products.

7. Property, plant & equipment

The group acquired property plant and equipment amounting to USD 91,895 thousand, mainly for expansion of production capacity on all locations of the ams group.

8. Intangible assets and goodwill

The group has assessed whether there is an impairment trigger that would lead to an impairment. There was no indication for impairment.

9. Treasury shares

The group acquired a total of 1,308,471 treasury shares during the reporting period which acquisition costs amounted to USD 33,516,197.87.
29,653 treasury shares have been sold to fulfill obligations of the Stock Option Plans.

10. Dividends

ams AG has not distributed any dividend during the reporting period 2019.

11. Subsequent events

No significant events have taken place after the reporting date 30 June, 2019.

Supplemental financial information

Reconciliation from adjusted figures to reported figures

USD thousands	Q2 2019	1st Half 2019	Q2 2018	1st Half 2018
Gross profit – adjusted	155,498	280,283	35,895	184,195
Acquisition-related costs	-10,539	-20,958	-12,602	-25,228
Share-based compensation costs	-886	-1,646	-391	-942
Gross profit – reported	144,073	257,679	22,903	158,025
Gross margin in % – adjusted	37%	35%	15%	28%
Gross margin in % – reported	35%	32%	9%	24%
Operating expenses – adjusted	-105,533	-207,071	-82,332	-160,034
Acquisition-related costs	-7,592	-16,103	-8,196	-16,043
Share-based compensation costs	-9,072	-17,047	-5,133	-12,211
Operating expenses – reported	-122,198	-240,221	-95,661	-188,288
Result from operations – adjusted	49,965	73,212	-46,438	24,162
Acquisition-related costs	-18,131	-37,061	-20,798	-41,271
Share-based compensation costs	-9,957	-18,693	-5,523	-13,153
Result from operations – reported	21,876	17,458	-72,758	-30,262
Operating margin in % – adjusted	12%	9%	-19%	4%
Operating margin in % – reported	5%	2%	-30%	-5%

Condensed Consolidated Interim Financial Statements as of June 30, 2019

(according to IAS 34 – unaudited)

Half Year Report

2019 (according to IAS 34)



Consolidated Income Statement

(unaudited)

EUR thousands (except earnings per share)	Q2 2019	1st Half 2019	Q2 2018	1st Half 2018
Revenue Products	358,537	687,472	204,278	562,916
Revenue Foundry & Other	11,190	25,891	10,834	20,465
Total revenues	369,728	713,363	215,112	583,381
Cost of sales	-241,446	-483,928	-194,720	-442,677
Gross profit	128,282	229,435	20,392	140,705
Gross margin in %	35%	32%	9%	24%
Research and development	-68,480	-138,068	-51,053	-101,073
Selling, general and administrative	-42,227	-81,206	-35,691	-71,258
Other operating income	2,267	5,921	2,116	5,395
Other operating expense	-421	-460	-409	-503
Result from Equity Investments	58	-77	-139	-212
Result from operations	19,478	15,544	-64,784	-26,946
Net financing result	4,513	2,028	37,366	63,498
Result before tax	23,991	17,572	-27,417	36,553
Income tax result	-1,592	-3,509	-2,009	-3,289
Net result	22,399	14,064	-29,426	33,264
Basic / diluted earnings per share in CHF ¹⁾	0.31 / 0.28	0.19 / 0.19	-0.41 / -0.40	0.50 / 0.45
Basic / diluted earnings per share in EUR	0.28 / 0.25	0.17 / 0.17	-0.35 / -0.34	0.43 / 0.39

¹⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

Half Year Report

2019 (according to IAS 34)



Statement of Comprehensive Income

(unaudited)

EUR thousands	Q2 2019	1st Half 2019	Q2 2018	1st Half 2018
Net result	22,399	14,064	-29,426	33,264
Items that will never be reclassified to profit and loss				
Measurement at fair value of financial assets	-11	-1,768	-32	-437
Items that may be reclassified to profit and loss				
Translation adjustment	-26,221	10,677	97,043	54,259
Measurement at fair value of financial assets	0	0	-606	-564
Other comprehensive income	-26,232	8,909	96,404	53,258
Total comprehensive income	-3,833	22,973	66,978	86,522

Half Year Report

2019 (according to IAS 34)



Consolidated Balance Sheet

(unaudited)

EUR thousands	June 30, 2019	December 31, 2018
Assets		
Cash and cash equivalents	427,849	625,158
Trade receivables	159,935	121,015
Inventories	283,443	309,924
Other receivables and assets	41,308	38,021
Assets held for sale	101,728	0
Total current assets	1,014,264	1,094,117
Property, plant and equipment	1,184,091	1,206,516
Intangible assets	1,194,885	1,221,635
Investments in associates	2,894	2,960
Deferred tax assets	16,362	16,333
Other long-term assets	7,609	7,327
Long-term financial assets	32,735	35,645
Total non-current assets	2,438,575	2,490,416
Total assets	3,452,839	3,584,534
Liabilities and shareholders' equity		
Liabilities		
Interest-bearing loans and borrowings	267,072	220,022
Trade liabilities	135,771	175,887
Tax liabilities	15,522	16,455
Provisions	79,745	80,673
Other liabilities	62,347	55,552
Liabilities associated with assets held for sale	590	0
Total current liabilities	561,047	548,589
Interest-bearing loans and borrowings	1,396,066	1,599,013
Employee benefits	41,888	40,319
Deferred tax liabilities	63,777	65,666
Other long-term liabilities	86,775	37,193
Total non-current liabilities	1,588,506	1,742,191
Shareholders' equity		
Issued capital	84,420	84,420
Additional paid-in capital	714,177	709,958
Treasury shares	-146,499	-118,462
Other reserves	-7,471	-18,148
Retained earnings	658,658	635,986
Total shareholders' equity and reserves	1,303,286	1,293,754
Total liabilities and shareholders' equity	3,452,839	3,584,534

Half Year Report

2019 (according to IAS 34)



Consolidated Statement of Cash Flows

(unaudited)

EUR thousands	Q2 2019	1st Half 2019	Q2 2018	1st Half 2018
Operating activities				
Result before tax	23,991	17,572	-27,417	36,553
Depreciation (net of government grants)	68,476	135,849	51,142	99,268
Expense from stock option plan (acc. to IFRS 2)	8,727	16,483	4,869	9,615
Changes in other long-term liabilities	-4,938	-3,841	62	-1,099
Result from sale of plant and equipment	-4	-4	-5	-22
Result from investments in associates	-58	77	139	212
Net financing cost	-4,513	-2,028	-37,366	-63,498
Change in inventories	-6,223	13,438	-33,715	-30,012
Change in trade and other receivables	-44,143	-41,847	9,530	33,530
Change in trade and other payables	9,618	-3,553	-24,432	-76,068
Change in provisions and employee benefits	-2,442	2,063	-1,313	-16,357
Tax Payments	-3,339	-4,444	-2,984	-7,789
Cash flows from operating activities	45,154	129,764	-61,491	-15,668
Investing activities				
Acquisition of intangibles, property, plant and equipment	-42,679	-120,074	-138,327	-279,838
Acquisition of subsidiaries net of cash acquired	0	-8,099	-2,157	-24,885
Acquisition of other financial investments	0	0	0	-2,411
Proceeds from sale of plant and equipment	1	1	9	26
Interest received	1,525	2,974	698	1,315
Cash flows from investing activities	-41,154	-125,198	-139,777	-305,793
Financing activities				
Proceeds from borrowings	200	12,654	50,329	50,329
Repayment of debt	-61,400	-96,897	-552	-302,701
Repayment of finance lease liabilities	-5,937	-9,463	-19	-38
Proceeds from issue of convertible notes	0	0	0	611,750
Repayment of convertible notes	-67,128	-67,128	0	0
Acquisition of treasury shares	-2,827	-30,461	-15,837	-123,666
Sale of treasury shares	576	1,646	432	10,622
Interest paid	-2,808	-8,406	-1,948	-5,997
Dividends paid	0	0	-27,575	-27,575
Cash flows from financing activities	-139,325	-198,056	4,830	212,725
Net increase in cash and cash equivalents	-135,325	-193,490	-196,438	-108,736
Effects of changes in foreign exchange rates on cash and cash equivalents	-6,234	-3,819	2,208	-1,978
Cash and cash equivalents pledged as security	0	0	0	31,975
Cash and cash equivalents at begin of period	569,407	625,158	403,847	288,356
Cash and cash equivalents at end of period	427,849	427,849	209,617	209,617

Half Year Report

2019 (according to IAS 34)



Changes in Equity

(unaudited)

EUR thousands	Issued capital	Additional paid-in capital	Treasury shares	Other reserves	Retained earnings	Total shareholders' equity
Total equity as of January 1, 2018	84,420	577,592	-190,812	-211,399	568,281	828,082
Net result	0	0	0	0	33,264	33,264
Valuation of available for sale financial instruments	0	0	0	0	-1,001	-1,001
Translation adjustment	0	0	0	54,259	0	54,259
Comprehensive income	0	0	0	54,259	32,262	86,522
Share based payments	0	-7,421	0	0	0	-7,421
Dividends paid	0	0	0	0	-27,575	-27,575
Option rights for convertible bond	0	93,570	0	0	0	93,570
Payable from share buyback obligation	0	-9,610	-75,227	110,104	0	25,267
Acquisition of treasury shares	0	0	-124,152	0	0	-124,152
Sale of treasury shares	0	0	371,065	0	0	371,065
Total equity as of June 30, 2018	84,420	654,131	-19,127	-47,035	572,969	1,245,357
Total equity as of January 1, 2019	84,420	709,958	-118,462	-18,148	635,986	1,293,754
Net result	0	0	0	0	14,064	14,064
Valuation of available for sale financial instruments	0	0	0	0	-1,768	-1,768
Translation adjustment	0	0	0	10,677	0	10,677
Comprehensive income	0	0	0	10,677	12,296	22,973
Share based payments	0	14,726	0	0	0	14,726
Convertible bond buyback	0	-10,507	0	0	10,377	-130
Acquisition of treasury shares	0	0	-29,843	0	0	-29,843
Sale of treasury shares	0	0	1,805	0	0	1,805
Total equity as of June 30, 2019	84,420	714,177	-146,499	-7,471	658,658	1,303,286

Selected notes on the Condensed Consolidated Interim Financial Statements as of June 30, 2019

(unaudited)

1. Basis of preparation

The condensed consolidated interim financial statements as of June 30, 2019 were prepared in accordance with IAS 34 as adopted by the European Union.

In line with IAS 34 (Interim Financial Reporting) the condensed consolidated interim financial statements do not include all information and disclosures that are required for a full set of financial statements.

2. Accounting policies

The accounting policies applied in this interim financial statement are the same as those applied in the group's consolidated financial statements as at and for the year ended December 31, 2018, except for new standards that are applicable to the current reporting period.

Newly applicable standards for the reporting period are:

IFRS 16 – Leases

The group has applied the rules of IFRS 16 with effective date January 1, 2019.

Annual improvements to IFRS (2016-2018)

During this project four standards were amended. Existing regulations should be clarified by adapting the wording of certain IFRS standards. The amendments affected the standards IFRS 1, IFRS 9, IFRS 16 and IAS 41. (For the current period the amendments are not applicable. All improvements are not yet endorsed in the EU.)

The amendments have no material impact on condensed consolidated interim financial statements.

IFRS 16 Leases

IFRS 16 establishes a comprehensive framework for determining how lease contracts are recognized and accounted. IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make future lease payments.

The first application was made in accordance with the modified retrospective method as of January 1, 2019. To this end, ams identified all existing leases at the time of initial application, previously classified as operating leases, and determined the corresponding carrying amounts.

ams makes use of the exemptions for short-term leases (rental period <12 months) and leases for low-value items (value <\$ 5,000).

Half Year Report

2019 (according to IAS 34)



To determine the lease liabilities, ams applied the incremental borrowing rate relevant for the respective lease as of the balance sheet date and estimated the remaining term of the contract in the best possible way, taking into account the exercise of extension and resignation options. The valuation of the right to use is carried out in the amount of the lease liability, adjusted for accruals of leasing installments.

ams has the right of use as an intangible asset. Leasing liabilities are shown in the financial statements as other liabilities.

EUR thousands	January 1, 2019
Right of use assets	67,643
Lease liabilities	66,494

The right to use assets amounting to EUR 67,643 thousand comprises EUR 63,396 thousand for land and buildings (offices, production buildings or storerooms) and EUR 4,247 thousand for other equipment and assets (vehicles and other items).

The average incremental borrowing rate of ams is 2.37% p. a. for determining the present value of the lease liability.

The lease liability is derived from the operating lease obligations reported in the consolidated financial statements as at 31 December 2018 as follows:

EUR thousands	
Operating lease commitment at December 31, 2018	80,929
Discounted using the incremental borrowing rate at January 1, 2019	71,673
Finance lease liabilities recognized at December 31, 2018	107
- Recognized exemption	-4,137
- Accruals of leases from previous periods	-1,149
Lease liabilities recognized at January 1, 2019	66,494

As a result of initially applying IFRS 16, ams recognized depreciation of right of use assets in the amount of EUR 9,487 thousand and compound interest expenses referring to the lease liabilities in the amount of EUR 814 thousand during the reporting period.

3. Segment reporting and revenues

Segment information is presented on the basis of the internal reporting structure for the segments "Consumer", "Non-Consumer" and "Foundry" and are determined according to valuation and accounting regulations of IFRS. The Segment "Consumer" is comprised of products and sensor solutions targeting the consumer and communications markets. The segment "Non-Consumer" is comprised of products and sensor solutions targeting the industrial, medical, and automotive markets, In the "Foundry" segment. ams reports the contract manufacturing of analog/mixed signal ICs based on its customers' designs.

The geographic regions are structured by the three regions in which sales occur: "EMEA" (Europe, Middle East and Africa), "Americas" and "Asia/Pacific". In presenting information on the basis of geographical regions, segment revenue is based on the geographical billing location of customers,

Half Year Report

2019 (according to IAS 34)



Revenues from one customer of the segment Consumer amount to EUR 138,380 thousand (1st half 2018: EUR 101,880 thousand). This customer is a distributor that serves different end customers.

The segment key figure "Result from operations" consists of gross profit, expenses for research and development, expenses for selling, general and administrative as well as other operating income and expenses. In the reporting period 2019, the internal reporting of ams was restructured, by allocating the under absorption of the production area to the respective segment. This adjustment was also made for the prior period of 2018 to ensure better comparability.

The segment assets basically comprise the allocable assets, i.e., customer receivables as well as segment specific tangible and intangible assets. The reconciliations comprise items which by definition are not part of the segments.

Business segments	1st Half 2019				1st Half 2018			
	Consumer	Non-Consumer	Foundry	Total	Consumer	Non-Consumer	Foundry	Total
Consolidated revenues	474,106	213,366	25,891	713,363	382,630	180,286	20,465	583,381
Research & development	59,347	48,873	853	109,073	50,876	51,518	584	102,979
Result from operations	20,441	29,353	8,157	57,951	-34,970	16,794	5,333	-12,843

Business segments	June 30, 2019				December 31, 2018			
	Consumer	Non-Consumer	Foundry	Total	Consumer	Non-Consumer	Foundry	Total
Segment assets	751,983	56,533	5,210	813,726	799,278	55,611	6,778	861,667

Reconciliation of segment results to income statement

EUR thousands	1st Half 2019	1st Half 2018
Result from operations per segment reporting	57,951	-12,843
Result from investments in associates	-77	-212
Depreciation from Purchase Price Allocation	-32,999	-36,748
Subsidies for research and development	2,519	2,851
Unallocated corporate costs	-11,850	20,005
Result from operations	15,544	-26,946
Financial result	2,028	63,498
Result before tax	17,572	36,553

Half Year Report

2019 (according to IAS 34)



Reconciliation of segment assets to total assets

EUR thousands	June 30, 2019	Dec 31, 2018
Assets per segment reporting	813,727	861,667
Intangible assets derived from PPA	1,037,988	1,140,938
Property, plant and equipment	512,702	461,703
Inventories	283,443	309,924
Cash, cash equivalents and financial assets	427,849	625,158
Deferred tax asset	16,362	16,333
Intangible assets	172,884	83,569
Investments in associates	2,894	2,953
Financial assets	32,735	35,645
Assets held for sale	101,728	0
Other assets	50,526	46,643
	3,452,839	3,584,534

Revenues per geographical segments

In the following table the external revenue is split by the primary geographic segments.

EUR thousands	1st Half 2019/2018							
	Consumer		Non-Consumer		Foundry		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Primary geographical segments								
Americas	2,780	48,108	16,425	13,751	1,049	624	20,254	62,483
Asia / Pacific	417,959	309,148	95,444	72,949	5,467	6,109	518,870	388,206
EMEA ¹⁾	53,367	25,374	101,497	93,586	19,375	13,732	174,239	132,692
Total	474,106	382,630	213,366	180,286	25,891	20,465	713,363	583,381

1) Europe, Middle East, Africa

Revenues per countries

EUR thousands	1st Half 2019	1st Half 2018
Taiwan	300,821	192,815
Japan	91,281	96,680
UK	61,365	13,819
Germany	57,269	63,480
Hong Kong	53,415	20,514
China	42,617	28,981
Austria	739	464
Others	105,855	166,629
Total	713,363	583,381

Half Year Report

2019 (according to IAS 34)



Long-term assets per geographical areas

EUR thousands	June 30, 2019	Dec 31, 2018
Austria	1,415,031	1,466,831
Switzerland	71,541	798,785
Singapore	825,292	109,615
Others	67,112	52,920
Total	2,378,976	2,428,151

4. Assets held for sale

In March 2019, ams announced and signed an agreement to set up a joint venture with Wise Road Capital to advance the development of environmental, flow and pressure sensors business for the global market. The structure of the joint venture reflects a minority interest of ams. Under the agreement, ams will transfer employees, IP, sensor products and solutions and related customers to the joint venture with the aim to further advance and develop the existing business. Consequently, ams will place a greater focus on its key competencies and three strategic pillars optical, imaging and audio sensing.

As a result, the assets (primarily property, plant and equipment, intangible assets and inventories) and liabilities (employee obligations) associated with this business have been classified as assets held for sale. The planned closing of the transaction is scheduled for Q3 2019.

5. Number of employees

The average number of employees was 8,543 during the first half of 2019, compared to 9,935 during the first half of 2018.

6. Seasonality - economic cycles

In the past, results have varied from quarter to quarter as revenues are derived from a number of end markets which may display different seasonal demand patterns over the course of a calendar year. The company currently derives a substantial portion of its revenues from the consumer electronics market, which has in the past displayed meaningful seasonality between quarters due to factors such as consumer acceptance of technologies, changes in buying behavior and seasonal demand before major holidays such as Christmas. In addition, general economic cycles may have an additional impact on demand for the company's products across end markets. As the net effect of the different factors mentioned above may differ from quarter to quarter and cannot be predicted, variations of the company's quarterly results will continue in the future.

7. Related parties

There were no changes regarding the group's related entities. Besides the replacement of the Supervisory Board seat of Mr. Jacob Jacobsson with Mr. Brian Krzanich there were no changes regarding group's related parties.

Half Year Report

2019 (according to IAS 34)



8. Financial Instruments

Summary of financial instruments recorded on the balance sheet date as of June 30, 2019:

EUR thousands	Hold and sell	Derivatives	Hold	Cash	Carrying amount	Fair value
Short-term financial assets						
Cash and cash equivalents	0	0	0	427,849	427,849	427,849
Financial assets	0	0	0	0	0	0
Trade receivables	0	0	159,935	0	159,935	159,935
Other receivables and assets						
thereof financial assets	0	0	21,663	0	21,663	21,663
Long-term financial assets						
thereof financial assets at FVOCI	5,073	0	0	0	5,073	5,073
thereof financial assets at FVTPL	27,662	0	0	0	27,662	27,662
thereof financial assets at amortized cost	0	0	12,235	0	12,235	12,235
	32,735	0	193,833	427,849	654,416	654,416

EUR thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest bearing loans and borrowings	0	267,072	267,072	264,444
Trade payables	0	135,771	135,771	135,771
Other liabilities				
thereof financial liabilities	7,656	13,555	21,211	21,211
Interest bearing loans and borrowings	0	1,396,066	1,396,066	1,382,333
Other long-term liabilities				
thereof financial liabilities	10,080	0	10,080	10,080
	17,736	1,812,464	1,830,200	1,813,840

Half Year Report

2019 (according to IAS 34)



Summary of financial instruments recorded on the balance sheet date as of December 31, 2018:

EUR thousands	Hold and sell	Derivatives	Hold	Cash	Carrying amount	Fair value
Short-term financial assets						
Cash and cash equivalents	0	0	0	625,158	625,158	625,158
Financial assets	0	0	0	0	0	0
Trade receivables	0	0	121,015	0	121,015	121,015
Other receivables and assets						
thereof financial assets	0	0	17,749	0	17,749	17,749
Long-term financial assets						
thereof financial assets at FVOCI	6,768	0	0	0	6,768	6,768
thereof financial assets at FVTPL	28,887	0	0	0	28,887	28,887
thereof financial assets at amortized cost	0	0	5,615	0	5,615	5,615
	35,655	0	144,379	625,158	805,191	805,191

EUR thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
Short-term financial liabilities				
Interest bearing loans and borrowings	0	220,022	220,022	217,857
Trade payables	0	175,887	175,887	175,887
Other liabilities				
thereof financial liabilities	5,236	12,245	17,482	17,482
Interest bearing loans and borrowings	0	1,599,013	1,599,013	1,583,284
Other long-term liabilities				
thereof financial liabilities	17,799	417	18,216	18,216
	23,036	2,007,584	2,030,619	2,012,726

Half Year Report

2019 (according to IAS 34)



June 30, 2019 EUR thousands	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	0	0	0	0
Long-term financial assets				
Financial assets	28,540	0	4,194	32,735
	28,540	0	4,194	32,735
Short-term financial liabilities				
Interest bearing loans	0	0	7.656	7.656
Long-term financial liabilities				
Interest bearing loans	0	478	9,602	10,080
	0	478	17,258	17,736

December 31, 2018 EUR thousands	Level 1	Level 2	Level 3	Total
Short-term financial assets				
Financial assets	0	0	0	0
Long-term financial assets				
Financial assets	29,730	0	5,915	35,645
	29,730	0	5,915	35,645
Short-term financial liabilities				
Other liabilities	0	0	5,236	5,236
Long-term financial liabilities				
Other liabilities	0	481	17,318	17,799
	0	481	22,554	23,035

On March 12, 2019, ams announced the repurchase of its issued USD and EUR convertible bonds with a total volume of up to USD 100 million. The repurchase started on March 27, 2019 and will be upheld until 30 December 2019 at the latest. By June 30, 2019, ams has repurchased 148 units of the USD convertible bond and 339 units of the EUR convertible bond. This resulted in a financial profit of EUR 16,312 thousand and a reduction of balance sheet liabilities of EUR 83,364 thousand.

Contingent liabilities result from the acquisition of KeyLemon (EUR 4,502 thousand) in 2018, Princeton (USD 0 thousand) in 2017, the acquisition of CCMOSS (EUR 9,996 thousand) in 2016 and Incus (EUR 2,761 thousand) in 2016.

Upon acquisition of KeyLemon in 2018, ams agreed to pay a contingent consideration to the sellers. The group committed to a sale-related payment of up to EUR 4,502 thousand (December 31, 2018: EUR 4,437 thousand). Basis for the valuation is the number of products sold with KeyLemon IP until March 31, 2021.

The acquisition of Princeton in 2017 resulted in a contingent liability. The group committed to a sale-related payment. Basis for the valuation were the revenues in 2017 and 2018 with products based on

Half Year Report

2019 (according to IAS 34)



Princeton IP. As of June 30, 2019 the contingent liability was released and no longer exists (December 31, 2018: USD 5,522 thousand).

Another purchase price liability results from the acquisition of CCMOSS in 2016. The group committed to pay a revenue-dependent purchase price share of up to EUR 9,996 thousand (December 31, 2018: EUR 9,996 thousand) to the seller. The purchase price liability includes a revenue-related earn-out model up to and including 2020. Basis for the valuation is the long-term sales planning of products based on CCMOSS technology.

The acquisition of Incus in 2016 results in a contingent liability of EUR 2,761 thousand (December 31, 2018: EUR 2,767 thousand). The purchase price liability includes a license earn-out model up to and including 2022. This model includes royalty payments to the seller for products based on Incus technology. Basis for the valuation is the long-term sales planning for these products.

9. Property, plant & equipment

The group acquired property plant and equipment amounting to EUR 81,823 thousand, mainly for expansion of production capacity on all locations of the ams group.

10. Intangible assets and goodwill

The group has assessed whether there is an impairment trigger that would lead to an impairment. There was no indication for impairment.

11. Treasury shares

The group acquired a total of 1,308,471 treasury shares during the reporting period which acquisition costs amounted to EUR 29,842,576.68.

29,653 treasury shares have been sold to fulfill obligations of the Stock Option Plans.

12. Dividends

ams AG has not distributed any dividend during the reporting period 2019.

13. Subsequent events

No significant events have taken place after the reporting date 30 June, 2019.

Supplemental financial information

Half Year Report

2019 (according to IAS 34)



Reconciliation from adjusted figures to IFRS reported figures

EUR thousands	Q2 2019	1st Half 2019	Q2 2018	1st Half 2018
Gross profit – adjusted	138,454	249,562	31,960	164,006
Acquisition-related costs	-9,384	-18,661	-11,220	-22,463
Share-based compensation costs	-789	-1,466	-348	-839
Gross profit – IFRS reported	128,282	229,435	20,392	140,705
Gross margin in % – adjusted	37%	35%	15%	28%
Gross margin in % – IFRS reported	35%	32%	9%	24%
Operating expenses – adjusted	-93,966	-184,375	-73,308	-142,493
Acquisition-related costs	-6,760	-14,338	-7,298	-14,285
Share-based compensation costs	-8,077	-15,178	-4,570	-10,873
Operating expenses – IFRS reported	-108,804	-213,891	-85,176	-167,650
Result from operations – adjusted	44,488	65,187	-41,348	21,514
Acquisition-related costs	-16,144	-32,999	-18,518	-36,748
Share-based compensation costs	-8,866	-16,644	-4,918	-11,711
Result from operations – IFRS reported	19,478	15,544	-64,784	-26,946
Operating margin in % – adjusted	12%	9%	-19%	4%
Operating margin in % – IFRS reported	5%	2%	-30%	-5%

Half Year Report

2019 (according to IAS 34)



ams AG
Tobelbader Strasse 30
8141 Premstaetten, Austria
T +43 3136 500-0
investor@ams.com
www.ams.com

This report is also available in German. All figures are unaudited.