

# Third Quarter Report 2009

## Third quarter results show solid sequential revenue and earnings improvement

Ladies and Gentlemen

Our third quarter results reflect an improvement in our business environment based on stronger customer demand across a number of product areas.

Third quarter 2009 group revenues were EUR 39.5 million, a sequential quarter-on-quarter increase of 40% and a decrease from EUR 54.0 million in the same quarter 2008. Gross margin was 37%, up 15 percentage points sequentially but down from 51% in the same period 2008. The result from operations (EBIT) for the third quarter improved sequentially to EUR -0.2 million (EUR 10.0 million in the third quarter 2008) even taking into account an unfavorable EUR/USD exchange rate development in the quarter. The third quarter net result was EUR -0.6 million (EUR 9.4 million in the same period 2008). Basic and diluted earnings per share for the third quarter were CHF -0.08 / EUR -0.05 (CHF 1.38 / EUR 0.86 in the same period 2008). Our backlog (excluding consignment stock agreements) stood at EUR 35.8 million on September 30, 2009 (EUR 45.0 million on September 30, 2008). Operating cash flow in the third quarter turned positive to EUR 6.2 million (EUR 17.9 million in the third quarter 2008).

Our business showed a strongly improved performance in the third quarter, particularly in communications where we saw increasing run rates and healthier order patterns for power and lighting management and MEMS microphones. In addition, LCD TV backlighting shipments continued to increase in the quarter. The industrial market, however, remains challenging with limited shipment volumes and subdued demand across most areas, a situation which we expect to continue into 2010. Our automotive business showed signs of improvement in the third quarter despite short-term ordering and continuing low visibility. These developments enabled better utilization rates in our production which had a positive effect on gross margins and EBIT. At the same time, design activities with customers and design-wins remained robust across our focus areas. We completed a strategic minority investment of USD 3.5 million (EUR 2.5 million) for a 30% shareholding in US-based privately held FlipChip International, a leading provider of IP and production services for wafer level packaging (WL-CSP), in the third quarter. This investment ensures optimal access to current and next generation high-end packaging technology and assembly capacity for important high volume product lines including advanced handset power management.

We expect improved business conditions to continue in the fourth quarter, yet visibility remains limited with choppy and shortened order patterns. Therefore we anticipate our business to show a sequentially positive revenue development in the fourth quarter compared to the third quarter and a positive cash flow. Based on current information and with the impact from the difficult market conditions in 2009, we expect full year 2009 revenues to exceed EUR 133 million.

Key figures	EUR thousands (except earnings per share)	Q3 2009	Q3 2008	Q2 2009	9 months 2009	9 months 2008
Revenues		39,518	54,039	28,313	93,280	141,495
Gross margin in %		37%	51%	22%	30%	51%
Result from operations		- 225	10,019	- 11,682	- 20,439	20,132
Net income/loss		- 553	9,371	- 10,685	- 19,286	18,487
Basic = diluted earnings per share in CHF <sup>1)</sup>		- 0.08 / - 0.08	1.38 / 1.38	- 1.52 / - 1.52	- 2.73 / - 2.73	2.72 / 2.72
Basic = diluted earnings per share in EUR		- 0.05 / - 0.05	0.86 / 0.86	- 1.00 / - 1.00	- 1.81 / - 1.81	1.69 / 1.69
Total backlog (excluding consignment stock)		35,794	45,001	35,101	35,794	45,001

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

## Consolidated Income Statement (unaudited)

EUR thousands (except earnings per share)	Q3 2009	9 months 2009	Q3 2008	9 months 2008
Revenue Products	33,396	77,005	44,162	119,875
Revenue Foundry & Other	6,122	16,274	9,877	21,619
<b>Total revenues</b>	<b>39,518</b>	<b>93,280</b>	<b>54,039</b>	<b>141,495</b>
Cost of sales	- 25,007	- 64,833	- 26,492	- 69,331
<b>Gross profit</b>	<b>14,511</b>	<b>28,447</b>	<b>27,547</b>	<b>72,163</b>
Gross margin in %	37%	30%	51%	51%
Research and development	- 9,792	- 29,237	- 11,420	- 31,795
Selling, general and administrative	- 7,174	- 23,521	- 7,503	- 24,983
Other operating income	2,436	5,375	1,801	5,575
Other operating expense	- 289	- 867	- 339	- 681
Result from investments in associates	83	- 636	- 66	- 149
<b>Result from operations</b>	<b>- 225</b>	<b>- 20,439</b>	<b>10,019</b>	<b>20,132</b>
Net financing costs	- 303	131	- 336	- 937
<b>Income before tax</b>	<b>- 528</b>	<b>- 20,308</b>	<b>9,683</b>	<b>19,194</b>
Income tax expense	- 25	1,022	- 312	- 707
<b>Net income</b>	<b>- 553</b>	<b>- 19,286</b>	<b>9,371</b>	<b>18,487</b>
<b>Basic / diluted earnings per share in CHF <sup>1)</sup></b>	<b>- 0.08 / - 0.08</b>	<b>- 2.73 / - 2.73</b>	<b>1.38 / 1.38</b>	<b>2.72 / 2.72</b>
<b>Basic / diluted earnings per share in EUR</b>	<b>- 0.05 / - 0.05</b>	<b>- 1.81 / - 1.81</b>	<b>0.86 / 0.86</b>	<b>1.69 / 1.69</b>

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

## Consolidated Balance Sheet (unaudited)

EUR thousands	as of	September 30, 2009	December 31, 2008
<b>Assets</b>			
Cash and cash equivalents		28,061	26,851
Short-term Investments		15,540	3,810
Trade receivables		29,203	37,049
Inventories		56,234	63,043
Other receivables and assets		6,730	3,427
<b>Total current assets</b>		<b>135,768</b>	<b>134,179</b>
Property, plant and equipment		119,672	128,570
Intangible assets		6,051	6,983
Investments in associates and financial investments		5,599	3,866
Deferred tax assets		30,863	30,863
Other long-term assets		4,232	2,931
<b>Total non-current assets</b>		<b>166,416</b>	<b>173,213</b>
<b>Total assets</b>		<b>302,184</b>	<b>307,392</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Interest-bearing loans and borrowings		29,311	25,823
Trade liabilities		11,877	18,097
Provisions		9,243	11,133
Other liabilities		14,163	12,872
<b>Total current liabilities</b>		<b>64,593</b>	<b>67,925</b>
Interest-bearing loans and borrowings		53,234	36,042
Employee benefits		9,848	9,208
Deferred government grants		1,653	2,328
Other long-term liabilities		806	812
<b>Total non-current liabilities</b>		<b>65,541</b>	<b>48,391</b>
<b>Shareholders' equity</b>			
Issued capital		26,698	26,698
Share premium		100,136	98,292
Treasury shares		- 7,124	- 5,635
Translation adjustment		46	141
Retained earnings		52,294	71,580
<b>Total shareholders' equity and reserves</b>		<b>172,050</b>	<b>191,076</b>
<b>Total liabilities and shareholders' equity</b>		<b>302,184</b>	<b>307,392</b>

## Consolidated Cash Flow Statement (unaudited)

EUR thousands	Q3 2009	9 months 2009	Q3 2008	9 months 2008
<b>Operating activities</b>				
Income before tax	- 528	- 20,308	9,683	19,194
Depreciation (net of government grants)	5,595	16,689	5,615	16,759
Changes in employee benefits	211	640	223	636
Expenses from stock option plan (acc. IFRS 2)	504	1,844	672	2,045
Changes in other long-term liabilities	- 236	-681	-133	-634
Result from investments in associates	- 83	636	66	149
Net financing cost	303	- 131	336	937
Changes in current assets	- 277	10,574	3,835	520
Changes in short-term operating liabilities and provisions	702	- 4,323	- 2,441	- 3,594
Tax payments	- 16	- 57	0	- 29
<b>Cash flows from operating activities</b>	<b>6,174</b>	<b>4,883</b>	<b>17,856</b>	<b>35,983</b>
<b>Investing activities</b>				
Acquisition of intangibles, property, plant and equipment	- 1,156	- 8,805	- 3,105	- 12,312
Acquisition of financial investments	- 2,441	- 17,877	0	- 4,063
Proceeds from sale of plant and equipment	0	159	0	0
Proceeds from the sale of investments	0	4,000	42	75
Interest received	88	680	271	871
<b>Cash flows from investing activities</b>	<b>- 3,509</b>	<b>- 21,843</b>	<b>- 2,792</b>	<b>- 15,428</b>
<b>Financing activities</b>				
Proceeds from borrowings	10,151	30,402	3,187	15,735
Repayment of debt	- 4,868	- 9,429	- 8,012	- 20,995
Repayment of finance lease liabilities	0	0	- 114	- 452
Acquisition of treasury shares	- 1,489	- 1,489	- 2,445	- 2,445
Interest paid	- 262	- 1,052	- 647	- 1,770
Expenses from financial instruments	- 96	- 261	0	0
Dividends paid	0	0	0	- 16,362
Changes resulting from capital increase	0	0	9	16
<b>Cash flows from financing activities</b>	<b>3,436</b>	<b>18,171</b>	<b>- 8,021</b>	<b>- 26,273</b>
Net increase/decrease in cash and cash equivalents	6,101	1,210	7,042	- 5,718
Cash and cash equivalents at begin of period	21,960	26,851	6,378	19,138
<b>Cash and cash equivalents at end of period</b>	<b>28,061</b>	<b>28,061</b>	<b>13,420</b>	<b>13,420</b>

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

*austriamicrosystems*

A-8141 Schloss Premstaetten | Austria

Phone +43/3136/500-0 | Fax +43/3136/500-5420

[investor@austriamicrosystems.com](mailto:investor@austriamicrosystems.com)

[www.austriamicrosystems.com](http://www.austriamicrosystems.com)