

## Third Quarter Report 2010

### Strong results from our broad portfolio, expectation for 2010 revenue growth raised to more than 50%

Ladies and Gentlemen

Our third quarter results show the strength we continued to see in our product platforms across target markets and regions.

Third quarter group revenues were EUR 55.7 million, up 8% quarter-on-quarter and 41% (34% in constant currency terms) compared to the same quarter 2009. Gross margin was 49%, up 2 percentage points sequentially and 12 percentage points compared to the third quarter 2009. The result from operations (EBIT) for the third quarter grew strongly to EUR 9.2 million (EUR -0.2 million in the same period 2009). The third quarter net result was EUR 8.0 million (EUR -0.6 million in the same period 2009). Basic and diluted earnings per share for the quarter were CHF 1.04 / EUR 0.78 and CHF 1.02 / EUR 0.77 respectively (CHF -0.08 / EUR -0.05 in the same period 2009). Total backlog (excluding consignment stock agreements) stood at EUR 75.6 million on September 30, 2010 (EUR 35.8 million on September 30, 2009). Operating cash flow was strong at EUR 17.9 million (EUR 6.2 million in the third quarter 2009) allowing a reduction of total debt by EUR 10 million.

Our business showed a strong performance in the third quarter based on growth in demand from our target markets. We continued to record high run rates for Consumer & Communications product lines including MEMS microphones, LCD TV backlighting, portable lighting management and advanced power management solutions. More and more devices and customers benefit from the advantages of our small scale ultra low power designs while new product launches sustained and strengthened our market position in important areas. The industrial market delivered strong results and showed a further increase in delivery rates due to sustained healthy demand from industrial and healthcare OEMs. Run rates have returned to pre-crisis levels for our industrial business including the world's most diversified and advanced magnetic encoder offering. In our automotive business, we saw continued strong run rates driven by the broad-based end demand fuelling the global automotive sector. Across focus areas, numerous high value design-wins confirmed the attractiveness of our product offering building our revenue pipeline for the coming years. Our worldwide manufacturing operations returned to full, pre-crisis utilization levels driving efficiency and margins.

We see good demand continuing in the fourth quarter helped by our low exposure to the PC sector. Therefore we raise our guidance for 2010 based on expected revenue growth in the fourth quarter and now expect full year revenue growth to exceed 50% resulting in a strong increase in EBIT and net result. We expect attractive growth in full year revenues and earnings also for 2011, based on currently available information. While we continue to meet all our customers' requirements we see ongoing structural capacity tightness in the analog market, a situation we expect to persist into the coming year.

Key figures	EUR thousands (except earnings per share)	Q3 2010	Q3 2009	Q2 2010	9 months 2010	9 months 2009
Revenues		55,729	39,518	51,718	151,473	93,280
Gross margin in %		49%	37%	47%	47%	30%
Result from operations		9,177	- 225	5,330	17,585	- 20,439
Net result		8,016	- 553	3,647	13,703	- 19,286
Basic / diluted earnings per share in CHF <sup>1)</sup>		1.04 / 1.02	- 0.08 / - 0.08	0.50 / 0.50	1.85 / 1.83	- 2.73 / - 2.73
Basic / diluted earnings per share in EUR		0.78 / 0.77	- 0.05 / - 0.05	0.36 / 0.36	1.33 / 1.32	- 1.81 / - 1.81
Total backlog (excluding consignment stock)		75,553	35,794	80,852	75,553	35,794

<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 2010	9 months 2010	Q3 2009	9 months 2009
Revenue Products	47,918	130,957	33,396	77,005
Revenue Foundry & Other	7,811	20,516	6,122	16,274
<b>Total revenues</b>	<b>55,729</b>	<b>151,473</b>	<b>39,518</b>	<b>93,280</b>
Cost of sales	- 28,594	- 80,735	- 25,007	- 64,833
<b>Gross profit</b>	<b>27,136</b>	<b>70,738</b>	<b>14,511</b>	<b>28,447</b>
Gross margin in %	49%	47%	37%	30%
Research and development	- 10,477	- 30,394	- 9,792	- 29,237
Selling, general and administrative	- 9,622	- 27,675	- 7,174	- 23,521
Other operating income	2,470	5,608	2,436	5,375
Other operating expense	- 279	- 494	- 289	- 867
Result from investments in associates	- 52	- 198	83	- 636
<b>Result from operations</b>	<b>9,177</b>	<b>17,585</b>	<b>- 225</b>	<b>- 20,439</b>
Net financing result	- 933	- 3,355	- 303	131
<b>Result before tax</b>	<b>8,244</b>	<b>14,230</b>	<b>- 528</b>	<b>- 20,308</b>
Income tax result	- 228	- 527	- 25	1,022
<b>Net result</b>	<b>8,016</b>	<b>13,703</b>	<b>- 553</b>	<b>- 19,286</b>
<b>Basic / diluted earnings per share in CHF <sup>1)</sup></b>	<b>1.04 / 1.02</b>	<b>1.85 / 1.83</b>	<b>- 0.08 / - 0.08</b>	<b>- 2.73 / - 2.73</b>
<b>Basic / diluted earnings per share in EUR</b>	<b>0.78 / 0.77</b>	<b>1.33 / 1.32</b>	<b>- 0.05 / - 0.05</b>	<b>- 1.81 / - 1.81</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, 2010	December 31, 2009
<b>Assets</b>			
Cash and cash equivalents		23,048	26,726
Short-term Investments		21,266	15,486
Trade receivables		31,571	27,246
Inventories		46,988	48,417
Other receivables and assets		11,094	5,183
<b>Total current assets</b>		<b>133,967</b>	<b>123,057</b>
Property, plant and equipment		114,615	118,694
Intangible assets		4,911	5,550
Investments in associates		6,182	5,481
Deferred tax assets		31,191	31,191
Other long-term assets		6,098	4,264
<b>Total non-current assets</b>		<b>162,998</b>	<b>165,180</b>
<b>Total assets</b>		<b>296,965</b>	<b>288,237</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Interest-bearing loans and borrowings		17,392	14,946
Trade liabilities		16,954	14,270
Provisions		9,922	9,086
Other liabilities		17,849	10,405
<b>Total current liabilities</b>		<b>62,116</b>	<b>48,707</b>
Interest-bearing loans and borrowings		39,989	53,001
Employee benefits		11,431	10,854
Deferred government grants		753	1,428
Other long-term liabilities		446	631
<b>Total non-current liabilities</b>		<b>52,618</b>	<b>65,915</b>
<b>Shareholders' equity</b>			
Issued capital		26,722	26,698
Additional paid-in capital		102,164	100,638
Treasury shares		- 14,350	- 7,339
Translation adjustment		414	41
Retained earnings		67,280	53,577
<b>Total shareholders' equity and reserves</b>		<b>182,231</b>	<b>173,615</b>
<b>Total liabilities and shareholders' equity</b>		<b>296,965</b>	<b>288,237</b>

## Consolidated Cash Flow Statement (unaudited)

EUR thousands	Q3 2010	9 months 2010	Q3 2009	9 months 2009
<b>Operating activities</b>				
Result before tax	8,244	14,230	- 528	- 20,308
Depreciation (net of government grants)	5,723	17,017	5,595	16,689
Changes in employee benefits	144	577	211	640
Expenses from stock option plan (acc. IFRS 2)	403	1,400	504	1,844
Changes in other long-term liabilities	- 288	- 861	- 236	- 681
Result from sale of plant and equipment	0	9	0	0
Result from investments in associates	52	198	- 83	636
Net financing result	933	3,355	303	- 131
Changes in assets	1,040	- 10,080	- 277	10,574
Changes in short-term operating liabilities and provisions	1,667	7,780	702	- 4,323
Tax payments	- 47	- 124	- 16	- 57
<b>Cash flows from operating activities</b>	<b>17,870</b>	<b>33,500</b>	<b>6,174</b>	<b>4,883</b>
<b>Investing activities</b>				
Acquisition of intangibles, property, plant and equipment	- 3,317	- 11,539	- 1,156	- 8,805
Acquisition of financial investments	- 11,084	- 11,657	- 2,441	- 17,877
Proceeds from sale of plant and equipment	0	15	0	159
Proceeds from the sale of investments	0	5,229	0	4,000
Interest received	107	463	88	680
<b>Cash flows from investing activities</b>	<b>- 14,294</b>	<b>- 17,491</b>	<b>- 3,509</b>	<b>- 21,843</b>
<b>Financing activities</b>				
Proceeds from borrowings	12,431	12,618	10,151	30,402
Repayment of debt	- 20,843	- 23,710	- 4,868	- 9,429
Acquisition of treasury shares	- 1,670	- 7,162	- 1,489	- 1,489
Sale of treasury shares	134	152	0	0
Interest paid	- 267	- 931	- 262	- 1,052
Expenses from financial instruments	0	- 803	- 96	- 261
Changes resulting from capital increase	104	150	0	0
<b>Cash flows from financing activities</b>	<b>- 10,110</b>	<b>- 19,687</b>	<b>3,436</b>	<b>18,171</b>
Change in cash and cash equivalents	- 6,535	- 3,677	6,101	1,210
Cash and cash equivalents at begin of period	29,583	26,726	21,960	26,851
<b>Cash and cash equivalents at end of period</b>	<b>23,048</b>	<b>23,048</b>	<b>28,061</b>	<b>28,061</b>

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

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