

Third Quarter Report 2011

Strong performance of our expanded portfolio, integration of TAOS on track, full year 2011 revenue guidance increased to EUR 270-275m (USD 365-371m)

Ladies and Gentlemen

Our third quarter results demonstrate the success of our broad-based portfolio and the strength of the combination of austriamicrosystems and TAOS.

Third quarter group revenues reflect the first-time consolidation of TAOS at EUR 81.7 million, up 47% compared to the same quarter 2010 (55% in constant currency terms) and 41% quarter-on-quarter. Gross margin was 50% despite a recurring depreciation charge of around EUR 2 million per quarter from the TAOS purchase and a one-time ramp-up effect for a recently launched global smartphone, compared to 49% in the third quarter 2010 and 51% in the previous quarter. The result from operations (EBIT) for the third quarter grew to EUR 13.0 million, up 41% from EUR 9.2 million in the same period 2010, in spite of an unfavorable EUR/USD exchange rate development in the quarter. The third quarter net result was EUR 9.5 million (EUR 8.0 million in the same period 2010) and basic / diluted earnings per share were CHF 0.87 / 0.86 or EUR 0.74 / 0.73 (CHF 1.04 / 1.02 and EUR 0.78 / 0.77 in the third quarter 2010). Total backlog (excluding consignment stock agreements) was EUR 89.1 million on September 30, 2011 (EUR 61.9 million on June 30, 2011 and EUR 75.6 million on September 30, 2010). Operating cash flow increased to EUR 20.9 million compared to EUR 17.9 million in the third quarter 2010.

Our business showed a robust performance in the third quarter driven by our broad market reach and the expansion of our product portfolio with TAOS' market-leading optical sensors. The integration of TAOS' business with our existing activities is fully on track progressing rapidly towards a seamless worldwide organization focused on power management, wireless, sensors and sensor interfaces. Overall, we see excellent opportunities for the combined business going forward. In Consumer & Communications we are experiencing strong growth in smartphone and tablet PC applications. This trend is underpinned by the success and high volumes of leading customers' smartphone platforms including new models and a global smartphone recently launched by a key customer. With ongoing high run rates, MEMS microphone ICs continued their dynamic growth validating our clear market leader position while Active Noise Cancellation is gaining market presence. Our Industry & Medical business recorded another robust quarter and remains the strong foundation of our company. Design activity and wins for industrial solutions continued at a very attractive pace creating additional future-year revenue streams from increased applications. Our Automotive business continued to show a good performance as we deliver critical sensor interfaces and sensors to major systems suppliers. In operations, we are adding subcontractor sourcing sites to fortify our optical sensor supply chain driven by recent events in Thailand.

Based on the successful combination with TAOS we increase our 2011 revenue guidance to EUR 270-275m (USD 365-371m). Based on currently available information, despite more cautious order trends in certain markets and supply chain related efforts we see our business continuing to develop positively in the current quarter and expect revenues for the fourth quarter on a similar level as the third quarter. For 2012, we expect double-digit growth in revenues and earnings compared to 2011.

Key figures	Q3 2011	Q3 2010	Q2 2011	9 months 2011	9 months 2010
EUR thousands (except earnings per share)					
Revenues	81,665	55,729	57,851	194,686	151,473
Gross margin in %	50%	49%	51%	51%	47%
Result from operations	13,026	9,177	7,623	28,801	17,585
Net result	9,522	8,016	6,571	23,523	13,703
Basic / diluted earnings per share in CHF ¹⁾	0.87 / 0.86	1.04 / 1.02	0.80 / 0.78	2.62 / 2.56	1.85 / 1.83
Basic / diluted earnings per share in EUR	0.74 / 0.73	0.78 / 0.77	0.65 / 0.63	2.12 / 2.07	1.33 / 1.32
Total backlog (excluding consignment stock)	89,088	75,553	61,949	89,088	75,553

¹⁾ 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 2011	9 months 2011	Q3 2010	9 months 2010
Revenue Products	74,407	172,308	47,918	130,957
Revenue Foundry & Other	7,257	22,378	7,811	20,516
Total revenues	81,665	194,686	55,729	151,473
Cost of sales	- 40,528	- 95,855	- 28,594	- 80,735
Gross profit	41,136	98,832	27,136	70,738
Gross margin in %	50%	51%	49%	47%
Research and development	- 14,420	- 37,415	- 10,477	- 30,394
Selling, general and administrative	- 14,328	- 36,583	- 9,622	- 27,675
Other operating income	1,717	5,513	2,470	5,608
Other operating expense	- 91	- 140	- 279	- 494
Result from investments in associates	- 988	- 1,406	- 52	- 198
Result from operations	13,026	28,801	9,177	17,585
Net financing result	- 3,567	- 4,426	- 933	- 3,355
Result before tax	9,459	24,375	8,244	14,230
Income tax result	64	- 852	- 228	- 527
Net result	9,522	23,523	8,016	13,703
Basic / diluted earnings per share in CHF ¹⁾	0.87 / 0.86	2.62 / 2.56	1.04 / 1.02	1.85 / 1.83
Basic / diluted earnings per share in EUR	0.74 / 0.73	2.12 / 2.07	0.78 / 0.77	1.33 / 1.32

¹⁾ 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, 2011	December 31, 2010
Assets			
Cash and cash equivalents		51,413	23,042
Financial assets		13,178	21,198
Trade receivables		43,904	33,007
Inventories		59,252	46,740
Other receivables and assets		7,406	8,284
Total current assets		175,154	132,270
Property, plant and equipment		113,161	110,943
Intangible assets		203,983	4,432
Investments in associates		5,414	6,443
Deferred tax assets		32,048	31,768
Other long-term assets		6,450	5,928
Total non-current assets		361,056	159,514
Total assets		536,210	291,784
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings		5,523	7,011
Trade liabilities		19,493	15,660
Provisions		17,605	11,707
Other liabilities		20,323	12,610
Total current liabilities		62,943	46,987
Interest-bearing loans and borrowings		122,508	40,766
Employee benefits		13,345	12,483
Deferred government grants		0	528
Provisions		20,350	0
Deferred Tax Liabilities		17,932	0
Total non-current liabilities		174,134	53,777
Shareholders' equity			
Issued capital		33,394	26,759
Additional paid-in capital		192,874	102,624
Treasury shares		- 22,332	- 15,276
Other reserves		721	672
Retained earnings		94,476	76,240
Total shareholders' equity and reserves		299,133	191,019
Total liabilities and shareholders' equity		536,210	291,784

Consolidated Statement of Cash Flows (unaudited)

EUR thousands	Q3 2011	9 months 2011	Q3 2010	9 months 2010
Operating activities				
Result before tax	9,459	24,375	8,244	14,230
Depreciation (net of government grants)	8,234	19,880	5,723	17,017
Changes in employee benefits	348	861	144	577
Expenses from stock option plan (acc. to IFRS 2)	523	1,322	403	1,400
Changes in other long-term liabilities	134	-316	-288	-861
Result from sale of plant of equipment	0	0	0	9
Result from sale of investments	0	86	0	0
Result from investments in associates	988	1,406	52	198
Net financing result	3,567	4,426	933	3,355
Changes in assets	-4,145	-7,262	1,040	-10,080
Changes in short-term operating liabilities and provisions	1,837	7,102	1,667	7,780
Tax payments	-40	-46	-47	-124
Cash flows from operating activities	20,905	51,835	17,870	33,500
Investing activities				
Acquisition of intangibles, property, plant and equipment	-4,365	-12,103	-3,317	-11,539
Acquisition of financial investments	-85,591	-91,983	-11,084	-11,657
Proceeds from sale of plant equipment	0	0	0	15
Proceeds from the sale of investments	0	13,047	0	5,229
Interest received	284	963	107	463
Cash flows from investing activities	-89,672	-90,075	-14,294	-17,491
Financing activities				
Proceeds from borrowings	116,585	127,979	12,431	12,618
Repayment of debt	-45,739	-48,597	-20,843	-23,710
Acquisition of treasury shares	-3,232	-7,633	-1,670	-7,162
Sale of treasury shares	270	577	134	152
Interest paid	-962	-1,673	-267	-931
Expenses from financial instruments	0	-52	0	-803
Dividends paid	0	-5,287	0	0
Changes resulting from capital increase	823	1,296	104	150
Cash flows from financing activities	67,745	66,611	-10,110	-19,687
Change in cash and cash equivalents	-1,022	28,371	-6,535	-3,677
Cash and cash equivalents at begin of period	52,435	23,042	29,583	26,726
Cash and cash equivalents at end of period	51,413	51,413	23,048	23,048

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

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