ams

Q2 and H1 2014 results

Kirk Laney, CEO
Michael Wachsler-Markowitsch, CFO
Moritz Gmeiner, Head of IR

July/August 2014
What we do for our customers

ams provides innovative analog solutions to the most challenging applications in sensors, sensor interfaces, power management, and wireless.
ams overview

At a glance
- Focus on high performance analog semiconductors
- Sensor solutions, sensor interfaces, power management, wireless
- Ultra-low power, highest accuracy, sensitivity and integration
- Analog IDM: world class design + in-house manufacturing
- Best-in-class solutions for leading OEMs worldwide

By the numbers
- 350+ analog engineers
- Over 30 years of design experience
- Revenues Q2 2014 EUR 106m/$146m (Q2 2013: EUR 85m/$112m)
  FY2013 EUR 378m/$502m (2012: EUR 388m/$498m)
- More than 1,500 employees worldwide
- Over 7,800 customers
## Our focus

### High performance sensors and analog ICs

<table>
<thead>
<tr>
<th>Target markets</th>
<th>Consumer and Communications</th>
<th>Industrial, Medical, Automotive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>59% of revenues (H1 2014)</td>
<td>41% of revenues (H1 2014)</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Core expertise</th>
<th>Sensor solutions, sensor interfaces</th>
<th>Power management</th>
<th>Wireless</th>
</tr>
</thead>
</table>

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OUR MARKETS

CONSUMER AND COMMUNICATIONS

INDUSTRIAL, MEDICAL, AUTOMOTIVE
Consumer and Communications
Sensor solutions and sensor interfaces, power management, wireless

**Sensors**
- Light sensors, gesture sensors
- MEMS microphone ICs
- Hall/inductive/capacitive sensors

**Power management**
- Power management ICs
- Lighting management ICs

**Wireless**
- NFC antenna booster, front ends
- RFID readers (UHF/HF/NFC)
- LF/HF/UHF transceivers/smart tags

**Specialty solutions**
- Active noise cancellation (ANC)
- Wireless sensors (lightning sensor)
- Specialty sensor interfaces
Light sensors
Worldwide leader in intelligent integrated light sensors

Sensor solutions
• **RGB color** - for full analysis of light spectrum and temperature; enhance display picture quality
• **Ambient light (ALS)** - measure monochromatic ambient light to control display brightness
• **Proximity (Prox)** - detect proximity of user’s ear to control display/touchscreen on-state
• **Gesture** - sense hand movement in proximity of device surface to create touchless interface

Consumer electronics
• Smartphones, tablet PCs, other mobile devices
• HDTV, PCs, notebooks

Sensor-driven lighting
• Major light sensor applications for the future
• Smart, dynamically managed home, industrial, and outdoor lighting
• First solutions under development
Success: Gesture recognition sensor

Simplifying the human-machine interface (HMI) with high performance touchless technology

Highly integrated gesture sensor innovation

- ams’ leading photodiode technology adapted to provide highly reliable, precise touchless user interface for consumer, communications, medical, automotive, and industrial markets
- Sophisticated gesture engine accommodates complex IR-based gesture sensing
- TMG3993 IR gesture, color ambient light sensing (ALS) and proximity detection 4-in-1 module with mobile coupon redemption
- Industry standard module package size with <10mm² footprint

Benefits

- Highly integrated solution for maximum system value
- Configurable gesture commands provide application flexibility
- Reduces system BOM cost and board space requirements
- Mobeam™ bar code functionality simplifies mobile commerce
- Enables next generation user interface applications
Wireless solutions

Mobile transactions: NFC solutions
- Solutions for smartphone embedded NFC and complete NFC on SIM/microSD card
- Antenna booster technology analog front-ends with auto antenna tuning
- World-leading expertise in NFC technology
- OEM relationships build market acceptance

Authentication: RFID solutions
- Integrated one-chip UHF reader solutions offer low solution cost for cost-effective RFID deployment
- Other RFID: HF readers, smart tags, LF/HF/UHF transceivers
- Applications: consumables, goods tracking and authentication, retail shrinkage prevention

Mass production of NFC booster at high run rates
Success: NFC antenna booster
Reliable near field communication (NFC) to assure worry-free mobile transactions

Wireless innovation
- Advanced active tag analog front end (AFE)
- Active antenna boost overcomes reception problems in smartphones or for small form factor antennas
- Designed for ultra small form factor applications

Benefits
- World’s first High Frequency (HF) active booster amplifies the antenna by >80x for NFC in small areas
- Overcomes field-dampening metal environments to ensure 100% read rate
- Extends range up to 10cm (free air) for NFC on SIM cards
- Accelerating NFC smartphone adoption via large scale OEM engagement
MEMS microphone interfaces for smartphones, handsets, tablet PCs, notebooks, and other mobile devices

- Over 1.6 billion MEMS microphone ICs shipped in 2013
- Market leader with over 60% market share
- Extensive product portfolio based on more than 10 years of expertise
- Dynamic market driven by device adoption/penetration, audio quality and cost optimizations
- Leader in low noise focusing on higher value market segments
Power management solutions for mobile devices
PMIC solutions enable optimum battery life and system performance

Power management innovation
• High performance PMIC design delivers superior value for clamshell and other mobile devices utilizing multicore processor designs
• Supports leading mobile graphics processor’s current and upcoming platforms
• Patent pending unique technology to manage high speed, high current power stages

Benefits
• Enables highest frame rates at maximum screen resolutions for mobile devices while maximizing battery life
• Industry’s first programmable and scalable converter solution supporting up to 20 amps load in 10 microseconds
• Industry’s smallest total size multiphase DC/DC design, resulting in a PCB area savings of 50%
Industrial
Sensor solutions and sensor interfaces

Industrial automation and control
• Motion control
• Industrial sensors
• Drives and electrical motors

2D and 3D position encoders
• Magnetic rotary and linear encoders
• Integrated high performance Hall sensors
• Broad portfolio for widest range of applications

Building automation and security
• HVAC
• Safety
• Bus systems

Seismic sensor interfaces
• Highest sensitivity sensor solutions
Medical
Sensor solutions and sensor interfaces, power management, wireless

Medical imaging: Leader in lowest noise sensor solutions
- Computed tomography – supplier to #1
- Digital X-ray – supplier to #1
- Mammography – supplier to #1
- Ultrasound – supplier to market leaders

Personal health devices
- Diabetes management
- Heart rate monitors

Robotic surgical solutions
- Encoder-driven accuracy
Automotive

Sensor and sensor interfaces, bus systems, power management, wireless

Position sensing
- Pedal & throttle position
- Transmission (clutch, gear shift)
- Steering wheel angle and torque
- Brushless motor control applications

Battery power management
- Battery management for conventional, hybrid, and electric vehicles
- Highly-efficient power management

Safety systems
- Collision avoidance LIDAR systems (object detection)
- ESP (Electronic Stability Program)
- FlexRay® high bandwidth data network
Success: Laser-based LIDAR collision avoidance

Enables automatic braking for accident avoidance and pedestrian protection

Automotive innovation

• Obstacle distance detection by laser pulse time-of-flight measurement
• Laser beam scans area in front of vehicle, beam reflection is measured with highest speed and accuracy
• Chip set comprising three channel high bandwidth amplifier and high speed pipelined ADC
• In volume production, additional car platforms launching 2014, second generation nearing release

Benefits

• Very cost-effective active safety feature
• Allows for fully automatic braking in dense city traffic
• Simple assembly close to rear view mirror
• Seamless integration with vehicle stability system via standard CAN bus
In-house capacity + manufacturing partnerships: proven excellence for profitable growth

**Wafer manufacturing**
- 200mm in-house fab (2014E 155k wafers p.a.)
- CMOS nodes: 0.18µm – 0.35µm – 0.8µm
- Specialty analog processes
- Best-in-class efficiency
- Multi-source security: TSMC, UMC, IBM

**Assembly and test**
- In-house test in Austria and the Philippines
- In-house TSV 3D packaging line in Austria, mass production expected 2014
- Multi-source assembly locations
- End-to-end fully integrated supply chain

Expansion of wafer fab capacity progressing to plan

Additional growth-driven test expansion planned in H2
Global value chain

- **9 design centers**
  Austria, Switzerland, Italy (2), Spain, Slovenia, USA (2), India

- **High volume test center**
  Philippines

- **Continuing growth in distribution design-ins and revenues**
  Over 30 distributors worldwide including Future Electronics, Digi-Key, Mouser
Quality and responsibility commitment

Quality commitment
- Certified under
  - ISO/TS16949 (automotive)
  - ISO/TS13485 (medical)
  - ISO 14001 (environment)
- Zero defect commitment with industry-leading field failure rates
- Global quality systems with local resources/labs in key markets
- Top rankings by customers

Corporate responsibility
- Member of the UN Global Compact
- CDP (Carbon Disclosure Project) participant
- Conflict metals/hazardous-use materials program implemented
- 70% reduction of CO₂ footprint since 2003; mid-term goal to be a carbon-neutral company
ams - shaping the world with sensor solutions
Company highlights

Focus on growth segments  Product excellence

Design and system know-how

World class analog expertise

Global support network

State-of-the-art manufacturing
## Key figures

**EURm**

<table>
<thead>
<tr>
<th>(IAS)</th>
<th>H1 2014</th>
<th>H1 2013</th>
<th>Q2 2014</th>
<th>Q2 2013</th>
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<tbody>
<tr>
<td>Total revenues</td>
<td>192.6</td>
<td>176.1</td>
<td>106.3</td>
<td>91.2</td>
</tr>
<tr>
<td></td>
<td>+ 9%</td>
<td></td>
<td>+ 17%</td>
<td></td>
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<tr>
<td>Gross margin</td>
<td>56%</td>
<td>54%</td>
<td>57%</td>
<td>54%</td>
</tr>
<tr>
<td>(excl. acquisition-related costs)</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>54%</td>
<td>51%</td>
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<tr>
<td>Result from operations (EBIT)</td>
<td>44.3</td>
<td>24.7</td>
<td>26.4</td>
<td>11.6</td>
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<tr>
<td>(excl. acquisition-related costs)</td>
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<td>24.0</td>
<td>9.1</td>
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<tr>
<td>(incl. acquisition-related costs)</td>
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<tr>
<td>Net result</td>
<td>36.9</td>
<td>18.9</td>
<td>22.2</td>
<td>9.0</td>
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<tr>
<td></td>
<td>+ 95%</td>
<td></td>
<td>+ 148%</td>
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<tr>
<td>EPS (basic/diluted)</td>
<td>CHF</td>
<td>EUR</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3.32 / 3.17</td>
<td>1.73 / 1.66</td>
<td>1.99 / 1.91</td>
<td>0.83 / 0.79</td>
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<tr>
<td></td>
<td>2.72 / 2.60</td>
<td>1.41 / 1.35</td>
<td>1.64 / 1.57</td>
<td>0.67 / 0.64</td>
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</table>
Financial results
EURm

Total revenues

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Total Revenues (EURm)</th>
<th>Change</th>
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<tbody>
<tr>
<td>H1 2013</td>
<td>176.1</td>
<td></td>
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<tr>
<td>H1 2014</td>
<td>192.6</td>
<td>+ 9%</td>
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<td>Q2 2013</td>
<td>91.2</td>
<td></td>
</tr>
<tr>
<td>Q2 2014</td>
<td>106.3</td>
<td>+ 17%</td>
</tr>
</tbody>
</table>

Total revenues by region 2013 / H1 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>2013</th>
<th>H1 2014</th>
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<tbody>
<tr>
<td>Asia/Pacific</td>
<td>59%</td>
<td>48%</td>
</tr>
<tr>
<td>Americas</td>
<td>6%</td>
<td>5%</td>
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<tr>
<td>Europe (EMEA)</td>
<td>35%</td>
<td>47%</td>
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</table>

Total revenues by market H1 2014

<table>
<thead>
<tr>
<th>Market</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Industrial, Medical, Automotive</td>
<td>41%</td>
</tr>
<tr>
<td>Consumer &amp; Communications</td>
<td>59%</td>
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Total backlog

<table>
<thead>
<tr>
<th>Date</th>
<th>Total Backlog (EURm)</th>
</tr>
</thead>
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<tr>
<td>Mar 31 2014</td>
<td>85.5</td>
</tr>
<tr>
<td>Jun 30 2014</td>
<td>107.1</td>
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</tbody>
</table>

Consignment stock agreements approx. EUR10-12m
Financial results
EURm, % of revenues

Gross profit, gross margin

R&D

SG&A

1) excl. acquisition-related costs

EBIT

1) excl. acquisition-related costs
Financial results
EURm, % of revenues

Net result, EPS (basic/diluted)

Operating cash flow

Net cash, cash + short term investments

Capital expenditures

Financial results

Net result, EPS (basic/diluted)

Operating cash flow

Net cash, cash + short term investments

Capital expenditures
Thank you

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### Profit and loss statement

**EURm**

<table>
<thead>
<tr>
<th>(IAS)</th>
<th>H1 2014</th>
<th>H1 2013</th>
<th>Q2 2014</th>
<th>Q2 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Products</td>
<td>192.6</td>
<td>176.1</td>
<td>106.3</td>
<td>91.2</td>
</tr>
<tr>
<td>• Foundry</td>
<td>172.3</td>
<td>158.3</td>
<td>95.5</td>
<td>81.5</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>20.3</td>
<td>17.8</td>
<td>10.8</td>
<td>9.8</td>
</tr>
<tr>
<td>• Gross margin incl. acquisition-related</td>
<td>104.6</td>
<td>90.2</td>
<td>58.1</td>
<td>46.8</td>
</tr>
<tr>
<td><strong>Research and development</strong></td>
<td>-34.4</td>
<td>-34.2</td>
<td>-17.9</td>
<td>-17.9</td>
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<tr>
<td>Selling, general and administrative</td>
<td>-34.2</td>
<td>-36.4</td>
<td>-18.2</td>
<td>-18.8</td>
</tr>
<tr>
<td><strong>Other operating income/expenses</strong></td>
<td>3.4</td>
<td>0.2</td>
<td>2.0</td>
<td>-1.0</td>
</tr>
<tr>
<td><strong>Result from operations (EBIT)</strong> (incl. acquisition-related costs)</td>
<td>39.4</td>
<td>19.6</td>
<td>24.0</td>
<td>9.1</td>
</tr>
<tr>
<td>• Operating margin</td>
<td>20.5%</td>
<td>11.1%</td>
<td>22.6%</td>
<td>10.0%</td>
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<tr>
<td><strong>Net financing costs</strong></td>
<td>-0.8</td>
<td>-0.1</td>
<td>-0.7</td>
<td>0.0</td>
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<tr>
<td><strong>Result before tax</strong></td>
<td>38.6</td>
<td>19.5</td>
<td>23.3</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Income tax result</strong></td>
<td>-1.7</td>
<td>-0.6</td>
<td>-1.1</td>
<td>-0.2</td>
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<tr>
<td><strong>Net result</strong></td>
<td>36.9</td>
<td>18.9</td>
<td>22.2</td>
<td>9.0</td>
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<tr>
<td><strong>EPS (basic/diluted)</strong></td>
<td>CHF 3.32 / 3.17</td>
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<td>EUR 0.67 / 0.64</td>
</tr>
</tbody>
</table>
## Balance sheet

EURm

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Cash and short term invest.</td>
<td>71.9</td>
<td>104.3</td>
<td>Interest-bearing debt</td>
<td>5.3</td>
<td>0.8</td>
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<tr>
<td>Trade receivables</td>
<td>68.7</td>
<td>63.7</td>
<td>Trade liabilities</td>
<td>36.7</td>
<td>28.3</td>
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<tr>
<td>Inventories</td>
<td>50.9</td>
<td>40.5</td>
<td>Provisions</td>
<td>24.7</td>
<td>23.2</td>
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<tr>
<td>Other current assets</td>
<td>11.6</td>
<td>10.5</td>
<td>Other liabilities</td>
<td>30.2</td>
<td>24.1</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td><strong>203.0</strong></td>
<td><strong>219.1</strong></td>
<td><strong>Total current liabilities</strong></td>
<td><strong>97.0</strong></td>
<td><strong>76.3</strong></td>
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<tr>
<td>Fixed assets</td>
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<td>Interest-bearing debt</td>
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<td>59.3</td>
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<td>Intangible assets</td>
<td>257.8</td>
<td>243.0</td>
<td>Employee benefits</td>
<td>24.6</td>
<td>23.6</td>
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<td>Investments</td>
<td>5.7</td>
<td>5.1</td>
<td>Provisions</td>
<td>23.5</td>
<td>22.9</td>
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<tr>
<td>Deferred tax asset</td>
<td>33.6</td>
<td>33.3</td>
<td>Deferred tax liabilities</td>
<td>14.5</td>
<td>13.6</td>
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<td>Other non-current assets</td>
<td>8.1</td>
<td>7.1</td>
<td>Other liabilities</td>
<td>13.8</td>
<td>12.6</td>
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<td><strong>Total non-current assets</strong></td>
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<td><strong>433.9</strong></td>
<td><strong>Total non-current liabilities</strong></td>
<td><strong>131.7</strong></td>
<td><strong>132.0</strong></td>
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<td><strong>Total assets</strong></td>
<td><strong>690.4</strong></td>
<td><strong>653.0</strong></td>
<td><strong>Shareholders’ equity</strong></td>
<td><strong>461.8</strong></td>
<td><strong>444.7</strong></td>
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<tr>
<td><strong>Total liabil. and equity</strong></td>
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<td><strong>653.0</strong></td>
<td><strong>Total liabil. and equity</strong></td>
<td><strong>690.4</strong></td>
<td><strong>653.0</strong></td>
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<tr>
<td>(IAS)</td>
<td>H1 2014</td>
<td>H1 2013</td>
<td>Q2 2014</td>
<td>Q2 2013</td>
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<tr>
<td>Income before tax</td>
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<td>23.3</td>
<td>9.1</td>
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<td>Depreciation</td>
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<td>Cash flow from operations</td>
<td>48.5</td>
<td>36.9</td>
<td>34.2</td>
<td>23.2</td>
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<td>Capital expenditures</td>
<td>- 40.0</td>
<td>- 32.8</td>
<td>- 17.0</td>
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<td>Cash flow from investing activities</td>
<td>- 55.1</td>
<td>- 33.4</td>
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<td>Proceeds from borrowings</td>
<td>1.0</td>
<td>0.4</td>
<td>1.0</td>
<td>0.1</td>
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<td>Repayment of borrowings</td>
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<td>- 2.6</td>
<td>0.4</td>
<td>- 0.7</td>
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<td>Dividends paid</td>
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<td>19.4</td>
<td>14.1</td>
<td>19.4</td>
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<td>Changes resulting from capital increase</td>
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<td>7.9</td>
<td>1.2</td>
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<td>Cash flow from financing activities</td>
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<td>- 16.2</td>
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<td>Change in cash and cash equivalents</td>
<td>- 32.8</td>
<td>- 12.7</td>
<td>- 22.3</td>
<td>- 18.8</td>
<td></td>
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<tr>
<td>Cash and cash equivalents at end of period</td>
<td>50.5</td>
<td>55.2</td>
<td>50.5</td>
<td>55.2</td>
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