ams

Full year + fourth quarter results 2015

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

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We are shaping the world with sensor solutions

We provide high performance analog solutions to the most challenging applications in sensors, sensor interfaces, power management, and wireless.
ams at a glance

Our business

- Focus on high performance analog semiconductors
- Sensor solutions, sensor interfaces, power management, wireless
- Ultra-low power, highest accuracy, sensitivity and integration
- Best-in-class solutions for leading OEMs

By the numbers

- 500 analog engineers
- More than 30 years of design experience
- 17 design centers, 2 manufacturing sites
- 2,000+ employees worldwide
- 8,000+ customers
## Our focus

<table>
<thead>
<tr>
<th>High performance sensors and analog ICs</th>
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</thead>
<tbody>
<tr>
<td><strong>Target markets</strong></td>
</tr>
<tr>
<td>Consumer &amp; Communications</td>
</tr>
<tr>
<td>65% of revenues (FY 2015)</td>
</tr>
<tr>
<td><strong>Core expertise</strong></td>
</tr>
<tr>
<td>Sensor solutions and sensor interfaces</td>
</tr>
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<td></td>
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</tbody>
</table>
2015 highlights

Light sensors again largest revenue contributor and key driver of 2015 growth
- Market leader in consumer, leading position in upcoming advanced light sensing technologies

Acquisition of image sensor specialist CMOSIS adds significant IP and growth potential
- Excellent sensor portfolio expansion: high-value industrial/medical business and strong innovation

Acquisition of CMOS environmental sensors opens major growth opportunities across markets
- Key portfolio expansion to drive integrated sensing for new growth applications in AIM and consumer

New U.S. wafer fab to support growth plans and drive cost and margin benefits from 2018
- Highly attractive rental model with State of NY for state-of-the-art capacity without capex burden

Good growth in Automotive, Industrial, Medical as sensors continue to proliferate
- Leading sensor solutions provider focused on Industry 4.0 and Internet of Awareness

Fully aligned for 2019 organic revenue goal of EUR 1bn
- Strong development and project pipeline in consumer and AIM
Light sensors
Worldwide leader in intelligent integrated light sensors

Sensor solutions
• Gesture - hand movement sensing near device surface creates touchless interface
• RGB color ALS - full light spectrum/light temperature analysis improves display quality
• Classic ALS - legacy monochromatic ambient light sensing for simple display management
• Proximity (Prox) - skin proximity detection to control display/touchscreen on-state

Broad coverage of consumer electronics markets
• Smartphones, tablet PCs, mobile devices, HDTV, PCs/notebooks

New opportunities: Industrial lighting, new consumer applications
• Combination of LED driver and light sensing for building lighting
• New light sensor-based technologies to improve consumer devices
• True Color Sensing for advanced analysis of light environment
Acquisition of CMOSIS
Expansion of optical sensor portfolio with high-end CMOS image sensors

Leader in high-end CMOS imaging
• High-performance area and line scan CMOS sensors
• Leading position in global shutter technology for excellent high-speed performance
• Low noise, global and rolling shutter, high dynamic range, and high frame rate solutions
• Advanced applications in machine vision, medical, broadcast, traffic, scientific and photographic imaging
• Locations in Belgium, Germany, Portugal, U.S.

NanEye <1mm² camera modules for endoscopy-type medical applications
• Significantly higher picture quality and robustness for better diagnostics

Financial and transaction details
• Equity value of approx. EUR 220m, all-cash transaction
• Sound revenue base of close to EUR 60m in 2015 with strong margins
• Consolidated from December 2015 onwards
Emerging: Biosensors for personal devices
Highly integrated health and fitness solutions based on advanced optical sensing

Sensor innovation

- High quality heart rate measurement using photoplethysmography (PPG)
- Low-power high performance integrated hard- and software solution including optical filters
- Improved accuracy across situations supports heart rate variability (HRV) applications
- Moving to red/IR illumination for higher value biosensing
- Upcoming products expected to include reflective SpO₂ and blood pressure

Benefits

- High integration including high performance optical sensor module to drive next generation of health and fitness solutions
- Ideal for fitness bands worn constantly, at rest and when exercising
- Technology platform enabling future spectral sensing health applications

AS7000 first gen biosensor shipping, second gen launch expected H1 2016
Wireless solutions – NFC, RFID

NFC solutions for mobile transactions (Boosted NFC)
- High performance ALM antenna boost technology
- Highest NFC reliability for wearables, smartphones, and mobile devices
- Applications in device NFC, small form factors and readers
- License agreement with major NFC controller chip (NCC) vendor to pursue high volume opportunities in coming years

RFID solutions for authentication
- Integrated one-chip UHF readers and RFID solutions for lower cost RFID deployment
- Materials tracking and authentication, supply chain security
Audio: MEMS microphone ICs, ANC

MEMS microphone interface ICs

- Market leader in dynamic market
- Around 1.6bn units shipped in 2015
- Leading position in low noise solutions
- Strong customer partnership focused on high value market segments

ANC (active noise cancellation)

- High performance technology offering pure analog noise reduction, no DSP required
- Significant audio quality improvement
- Very low power consumption, minimized footprint, comprehensive roadmap for enhanced feature set
- High volume opportunity in bundled earphones and similar devices
Industrial automation, control, and sensing
- Motion control
- Industrial sensors including time-based sensors
- Drives and electrical motors
- Seismic sensor interfaces

2D and 3D position encoders
- Magnetic rotary and linear encoders
- Broad portfolio of integrated high performance Hall sensors

Building automation and security
- HVAC + Safety
- Sensor networking and bus systems

Environmental sensing
- Relative humidity, pressure and temperature CMOS sensors
Emerging: Cognitive industrial lighting
Smart lighting management integrates sensing and control to unlock energy savings

Sensor innovation
- Industry’s first integrated IoT-connected chip-scale smart lighting managers
- Photopic sensors with nano-optic filters, high efficiency LED drivers and wireless connectivity
- Ambient daylight sensing delivers constant lux levels as amount of outside light varies
- Cost-effective sensing, control and connectivity for luminaires and light engines

Benefits
- Significant energy savings potential from truly smart LED lighting
- Integrated system-level sensing and control for major reduction in system cost
- Protocol-agnostic networked architecture for easy IoT connectivity
- Smart lighting sensor solutions bring convergent IoT sensor hubs to smart buildings
Medical
Sensor solutions and sensor interfaces, power management, wireless

Medical imaging: Leader in lowest noise sensor solutions
  • Computed tomography
  • Digital X-ray
  • Mammography
  • Ultrasound

Personal health devices
  • Heart rate monitors
  • Diabetes management

Robotic surgical solutions
  • Encoder-driven accuracy
Automotive
Sensor solutions and sensor interfaces, bus systems, power management

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

Safety systems and ADAS
• Collision avoidance LIDAR systems (ADAS for object detection)
• ESP (Electronic Stability Program), data bus networks

Battery power management
• Battery management for conventional, hybrid, and electric vehicles
• High efficiency power management

Environmental sensing
• Air quality sensing
• Relative humidity and temperature sensing
Scalable manufacturing model

In-house capacity + manufacturing partnerships

Wafer manufacturing
- 200mm internal fab, Austria (180-190k 200mm-wafer equiv. p.a.)
- CMOS + specialty analog down to 180nm
- External wafer sources: TSMC, UMC, GF

New wafer fab project in upstate New York, USA
- Renting new custom-built wafer fab from State of New York
- First buildout: 150k+ 200mm-wafer equiv. p.a., 130nm capable
- Start of construction H1 2016E, production ramp early 2018E
- No depreciation on fab
- Significantly lower per-wafer cost to drive margin benefits

Test and assembly
- In-house test in Austria and the Philippines
- End-to-end fully integrated supply chain
Global value chain

- **Headquarters**
- **Design centers**
- **Test center**
- **Sales offices**

- **17 design centers**
  Austria, Switzerland, Italy (2), Spain, Slovenia, Germany (3), Belgium, Netherlands, Portugal, Finland, USA (2), India, Japan

- **2015: 4 design centers added from acquisitions (CMOS environmental sensors + CMOSIS)** - Netherlands, Belgium, Germany, Portugal

- **High volume test center**
  Philippines
Financial results
### Key figures

<table>
<thead>
<tr>
<th>(IAS)</th>
<th>2015</th>
<th>2014</th>
<th>Q4 2015</th>
<th>Q4 2014</th>
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</thead>
<tbody>
<tr>
<td><strong>Total revenues</strong></td>
<td>623.1</td>
<td>464.4</td>
<td>147.2</td>
<td>139.0</td>
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<td></td>
<td>+ 34.2%</td>
<td></td>
<td>+ 5.9%</td>
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<td><strong>Gross margin</strong></td>
<td>56%</td>
<td>56%</td>
<td>57%</td>
<td>56%</td>
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<tr>
<td>(excl. acquisition-related amortization)</td>
<td>54%</td>
<td>55%</td>
<td>55%</td>
<td>54%</td>
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<tr>
<td>(incl. acquisition-related amortization)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Result from operations (EBIT)</strong></td>
<td>162.2</td>
<td>116.1</td>
<td>33.7</td>
<td>34.5</td>
</tr>
<tr>
<td>(excl. acquisition-related amortization)</td>
<td>147.3</td>
<td>105.4</td>
<td>29.3</td>
<td>31.4</td>
</tr>
<tr>
<td>(incl. acquisition-related amortization)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net result</strong></td>
<td>148.7</td>
<td>97.5</td>
<td>30.6</td>
<td>28.8</td>
</tr>
<tr>
<td></td>
<td>+ 52.4%</td>
<td></td>
<td>+ 6.5%</td>
<td></td>
</tr>
<tr>
<td><strong>EPS (basic/diluted)</strong></td>
<td>CHF</td>
<td>EUR</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.30 / 2.21</td>
<td>1.74 / 1.67</td>
<td>0.48 / 0.46</td>
<td>0.51 / 0.48</td>
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<td></td>
<td>2.16 / 2.08</td>
<td>1.43 / 1.37</td>
<td>0.44 / 0.43</td>
<td>0.42 / 0.40</td>
</tr>
</tbody>
</table>
FINANCIAL RESULTS

P&L
BALANCE SHEET
CASH FLOW
Total revenues
EURm

- Strong full year revenue growth, Q4 2015 excluding CMOSIS above high end of expectations
- On constant currency basis, revenues 2015 up 19% year-on-year, Q4 2015 down 3% year-on-year
Revenue distribution
% of revenues

Total revenues by region 2014/2015

- Asia/Pacific: 57% (2014) to 65% (2015)
- Europe (EMEA): 4% (2014) to 4% (2015)

Total revenues by market 2015

- Industry, Medical, Automotive: 35% (−1 pp)
- Consumer & Communications: 65% (+1 pp)

Further expansion of Asia/Pacific business in 2015 partly due to billing locations
Consumer & Communications share of revenues almost unchanged from 2014
Total backlog

EURm

- Backlog comparison reflects current softer consumer demand environment
- Total backlog + designated consignment stock agreements = total customer-committed revenue pipeline

Consignement stock agreements approx. EUR15-17m
Gross profit / gross profit margin
EURm, % of revenues, gross profit including acquisition-related amortization

Gross profit margin excluding acquisition-related amortization

- Gross profit margin performance due to product mix, full utilization, scale effects, production efficiency
- Gross profit margin including acquisition-related amortization 2015: 54.4%, Q4 2015: 54.6%
R&D expenses

EURm, % of revenues

- R&D investments continuing on high level to support multi-year pipeline
- Q4 2015 includes base effect from acquisitions
SG&A expenses
EURm, % of revenues

- SG&A expenses include selective sales/marketing investments, profit-sharing, commissions
- Successful SG&A expense management through 2015
Result from operations (EBIT)
EURm, % of revenues, EBIT excluding acquisition-related amortization

- Strong EBIT growth driven by high revenue growth in H1 2015 and good performance in H2 2015
- EBIT margin (EBIT) incl. acquisition-related amortization 2015 23.6% (147.3), Q4 2015 19.9% (29.3)
Net financial result
EURm

- 2015 financial result swing mainly driven by exchange rate volatility and revaluation effects
- Q4 2015 includes additional financing for CMOSIS acquisition
Tax expense
EURm, tax rate: % of result before tax (PBT)

- Low tax expense 2015 due to historic tax losses and international tax structures
- Cash tax rate expected to increase gradually
Net income / earnings per share
EURm, earnings per share (EPS) in CHF and EUR (basic/diluted)

- 2015 net income growth reflects strong increase in operating profitability
- EPS base (basic/diluted) 2015 68,873,498/71,604,447 shares, Q4 2015 69,026,942/71,598,007 shares
# FINANCIAL RESULTS

<table>
<thead>
<tr>
<th>P&amp;L</th>
<th>BALANCE SHEET</th>
<th>CASH FLOW</th>
</tr>
</thead>
</table>

Working capital

EURm

- Very successful working capital management against strong revenue growth
- Increase in inventories due to expansion of production capacity (higher WIP)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>88.7</td>
<td>79.0</td>
</tr>
<tr>
<td>+ Inventories</td>
<td>79.8</td>
<td>59.9</td>
</tr>
<tr>
<td>- Trade liabilities</td>
<td>58.6</td>
<td>51.0</td>
</tr>
<tr>
<td>Working capital</td>
<td>109.9</td>
<td>87.9</td>
</tr>
</tbody>
</table>

Working capital at year-end

in % of revenues 18% 19%
Net cash, cash and short term investments
EURm, % of total liabilities

Net cash, equity ratio

Cash and short-term investments

Equity ratio

- Net debt position created in Q4 2015 due to CMOSIS acquisition
- Decrease in cash and cash equivalents towards year-end due to CMOSIS acquisition
Cash flow from operations
EURm, % of revenues

- Very strong cash generation driven by business growth
- Continued high level of cash flow to revenues
Capital expenditures
EURm, % of revenues - Acquisition of intangibles, property, plant and equipment

- 2015 capital expenditures driven by completion of in-house wafer capacity and test expansion
- Q4 2015 capital expenditures include specialty equipment for next generation light sensors
Dividend policy and proposal

**Dividend policy**
- Distribution of 25% of net earnings

**Dividend proposal for 2015**
- EUR 0.51 per share outstanding (2014: EUR 0.33)

**Dividend timetable**
- AGM 2 June 2016
- Payment date 10 June 2016
Company highlights and outlook
## Outlook

### Mid-term goal
- EUR 1 billion in organic revenues in 2019

### 2016 outlook
- Another growth year expected for ams
- Continued R&D investments
- Technology roadmaps, project pipeline and customer engagements build growth expectations for coming years to 2019

### Q1 2016 outlook
- Expected revenue of EUR 131-138 million given softer end market demand, particularly in smartphone market
- Expected gross margin on comparable level to Q4 2015
- Expected operating (EBIT) margin of 18-20% given revenue outlook and continued R&D investments (excluding acquisition-based amortization)
Company highlights
Analog makes sense

- World class analog expertise
- Design and system know-how
- Focus on growth segments
- Product excellence
- Global support network
- State-of-the-art manufacturing
ams

Shaping the world with sensor solutions
## Profit and loss statement

**EURm**

<table>
<thead>
<tr>
<th>(IAS)</th>
<th>2015</th>
<th>2014</th>
<th>Q4 2015</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Products</td>
<td>579.0</td>
<td>425.0</td>
<td>136.2</td>
<td>129.7</td>
</tr>
<tr>
<td>• Foundry</td>
<td>44.1</td>
<td>39.4</td>
<td>11.0</td>
<td>9.3</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Gross margin incl. amortization charge</td>
<td>339.2</td>
<td>253.2</td>
<td>80.4</td>
<td>75.6</td>
</tr>
<tr>
<td><strong>Research and development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Research and development</td>
<td>-107.8</td>
<td>-77.0</td>
<td>-31.6</td>
<td>-23.1</td>
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<tr>
<td><strong>Selling, general and administrative</strong></td>
<td>-93.5</td>
<td>-76.9</td>
<td>-21.4</td>
<td>-21.8</td>
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<tr>
<td><strong>Other operating income/expenses</strong></td>
<td>9.3</td>
<td>6.0</td>
<td>1.9</td>
<td>0.7</td>
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<tr>
<td><strong>Result from operations (EBIT)</strong></td>
<td>147.3</td>
<td>105.4</td>
<td>29.3</td>
<td>31.4</td>
</tr>
<tr>
<td>• EBIT margin incl. amortization charge</td>
<td>23.6%</td>
<td>22.7%</td>
<td>19.9%</td>
<td>22.6%</td>
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<tr>
<td><strong>Net financing costs</strong></td>
<td>11.7</td>
<td>- 1.2</td>
<td>3.0</td>
<td>-0.9</td>
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<tr>
<td><strong>Result before tax</strong></td>
<td>158.9</td>
<td>104.1</td>
<td>32.3</td>
<td>30.5</td>
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<tr>
<td><strong>Income tax result</strong></td>
<td>-10.3</td>
<td>- 6.6</td>
<td>- 1.7</td>
<td>- 1.7</td>
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<tr>
<td><strong>Net result</strong></td>
<td>148.7</td>
<td>97.5</td>
<td>30.6</td>
<td>28.8</td>
</tr>
<tr>
<td><strong>EPS (basic/diluted)</strong></td>
<td>CHF(^1)</td>
<td>EUR</td>
<td></td>
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<tr>
<td>• CHF</td>
<td>2.30 / 2.21</td>
<td>1.74 / 1.67</td>
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<td>0.42 / 0.40</td>
</tr>
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</table>

\(^1\) Earnings per share in CHF were converted using the average currency exchange rate for the respective periods
## Balance sheet

**EURm**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Cash and short term invest.</td>
<td>143.9</td>
<td>229.6</td>
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<tr>
<td>Trade receivables</td>
<td>88.7</td>
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<td>Inventories</td>
<td>79.8</td>
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<tr>
<td>Other current assets</td>
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<tr>
<td>Total current assets</td>
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<td>Fixed assets</td>
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<td>Intangible assets</td>
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<td>Investments</td>
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<td>Deferred tax asset</td>
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<td>Other non-current assets</td>
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<td>Total non-current assets</td>
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<td>Total assets</td>
<td>1,223.4</td>
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<table>
<thead>
<tr>
<th>Liabilities and equity</th>
<th>Dec 31, 2015</th>
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<tr>
<td>Interest-bearing debt</td>
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<td>Tax liabilities</td>
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<td>Provisions</td>
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<td>Employee benefits</td>
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<td>Provisions</td>
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<tr>
<td>Deferred tax liabilities</td>
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<tr>
<td>Other liabilities</td>
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<td>Total non-current liabilities</td>
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<td>Shareholders’ equity</td>
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<td>Total liabil. and equity</td>
<td>1,223.4</td>
<td>955.0</td>
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</tbody>
</table>
## Cash flow statement
### EURm

<table>
<thead>
<tr>
<th>(IAS)</th>
<th>2015</th>
<th>2014</th>
<th>Q4 2015</th>
<th>Q4 2014</th>
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</thead>
<tbody>
<tr>
<td>Income before tax</td>
<td>158.9</td>
<td>104.1</td>
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<tr>
<td>Depreciation</td>
<td>47.9</td>
<td>37.3</td>
<td>12.9</td>
<td>10.6</td>
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<td>Cash flow from operations</td>
<td>152.9</td>
<td>126.0</td>
<td>44.0</td>
<td>43.8</td>
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<tr>
<td>Capital expenditures</td>
<td>-80.1</td>
<td>-70.1</td>
<td>-16.3</td>
<td>-12.6</td>
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<td>Cash flow from investing activities</td>
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<td>-108.9</td>
<td>-211.9</td>
<td>-32.2</td>
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<tr>
<td>Proceeds from borrowings</td>
<td>220.3</td>
<td>125.3</td>
<td>155.2</td>
<td>116.2</td>
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<tr>
<td>Repayment of borrowings</td>
<td>-149.6</td>
<td>-0.8</td>
<td>-44.9</td>
<td>-0.4</td>
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<tr>
<td>Dividends paid</td>
<td>-22.8</td>
<td>-14.1</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Cash flow from financing activities</td>
<td>24.4</td>
<td>99.1</td>
<td>103.0</td>
<td>113.4</td>
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<td>Change in cash and cash equivalents</td>
<td>-109.9</td>
<td>116.1</td>
<td>-64.9</td>
<td>125.0</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>103.6</td>
<td>203.7</td>
<td>103.6</td>
<td>203.7</td>
</tr>
</tbody>
</table>