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EANS-Adhoc: ams AG / ams reports second quarter revenues and profitability ahead of expectations; expects strong revenue growth and higher profitability in third quarter

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Mid Year Results/6-month report

28.07.2014

Key financial data for the second quarter and first half 2014

Unterpremstaetten, Austria (28 July 2014) – ams (SIX: AMS), a leading provider of high performance sensors and analog ICs, reports second quarter 2014 revenues and profitability ahead of expectations with both gross margin and operating profitability (EBIT margin) increasing substantially year-on-year. Based on major product ramp-ups, ams expects strong sequential revenue growth and a further increase in operating profitability in the third quarter 2014.

Second quarter group revenues were EUR 106.3 million, the highest quarterly revenues in the company's history, up 23% sequentially compared to the first quarter and up 17% from EUR 91.2 million in the same quarter 2013. Group revenues for the first half of 2014 were EUR 192.6 million, increasing 9% from EUR 176.1 million recorded in the first half of 2013. On a constant currency basis, second quarter revenues were 20% higher compared to the second quarter last year and first half revenues were 13% higher compared to the first half of 2013.

In the second quarter, gross margin also increased to a record level of 57% excluding acquisition-related costs and 55% including acquisition-related costs, compared to 54% and 51% respectively, in the same quarter 2013. For the first half of 2014, gross margin increased to 56% excluding acquisition-related costs and 54% including acquisition-related costs, compared to 54% and 51% respectively, in the first half of 2013.

The result from operations (EBIT) excluding acquisition-related costs for the second quarter was EUR 26.4 million or 25% of revenues, an increase of 127% compared to EUR 11.6 million in the second quarter of 2013. The result from operations (EBIT) including acquisition-related costs for the second quarter was EUR 24.0 million or 23% of revenues, an increase of 164% compared to EUR 9.1 million in the second quarter of 2013. This result reflects ams' active operating expense and R&D resource management. For the first half of 2014, the result from operations (EBIT) including acquisition-related costs was EUR 39.4 million, up 101% from EUR 19.6 million in the same period 2013.

The net result for the second quarter was EUR 22.2 million compared to EUR 9.0 million in the same period last year. Basic and diluted earnings per share for the quarter were CHF 1.99/1.91 or EUR 1.64/1.57 based on 13,564,460/14,166,654 shares (basic/diluted; weighted average) compared to CHF 0.83/0.79 or EUR 0.67/0.64 for the second quarter 2013. The net profit for the first half year 2014 was EUR 36.9 million, equivalent to CHF 3.32/3.17 or EUR 2.72/2.60 per share (basic/diluted) based on 13,557,717/14,171,154 shares (basic/diluted; weighted average), compared to EUR 18.9 million, i.e. CHF 1.73/1.66 or EUR 1.41/1.35 per share (basic/diluted), for the same period last year.

Operating cash flow for the second quarter was EUR 34.2 million compared to EUR 23.2 million in the second quarter last year, while operating cash flow for the

first half was EUR 48.5 million compared to EUR 36.9 million in the first half year 2013. Total backlog on June 30, 2014 (excluding consignment stock agreements) was EUR 107.1 million compared to EUR 85.5 million at the end of the first quarter and EUR 82.4 million on June 30, 2013.

ams' business performed very well in the second quarter and first half of 2014 as major OEMs around the world rely on ams' sensor and analog expertise for high performance applications.

ams' Consumer & Communications business developed strongly in the second quarter and first half, particularly driven by the company's intelligent light sensor product lines. ams shipped significant volumes of its innovative gesture sensor solution into two major smartphone platforms by leading Asian manufacturers. The module which started shipping in the first quarter combines RGB color and proximity sensing with mobile coupon redemption and advanced gesture recognition for mobile device applications. Run rates for ams' other optical sensors as well as lighting and power management products remained at high levels in the quarter. ams also shipped high volumes of its market-leading MEMS microphone ICs supporting low noise applications and highest audio quality.

In the company's wireless business for NFC and RFID, key projects and customer design-ins are progressing to plan. As projected, ams has started to ramp production of its NFC antenna boost solution towards the end of the quarter. The ramp-up of high volume shipments supports the expected major customer device launches in the second half of this year. With its unique NFC signal boost capabilities ams enables best-in-class mobile payment hardware solutions and is leveraging its deep analog and RF expertise into next generation integrated NFC solutions. Consequently, ams is strongly positioned for the accelerating adoption of NFC as a ubiquitous payment and authentication technology for mobile devices.

ams' industrial business showed a good performance in the second quarter and first half. The company is seeing robust demand for its differentiated sensor and sensor interface solutions across a range of industrial end markets. With its extensive sensor know-how, ams is helping leading OEMs solve complex challenges in industrial applications. ams' medical business again posted attractive results in the second quarter and first half focusing on digital imaging solutions for computed tomography (CT), mammography and ultrasound. As an example, the company's customer in mammography is seeing very positive market feedback for its latest imaging solution based on ams' high resolution technology.

The positive development of ams' automotive business continued in the second quarter, mainly due to a strengthened worldwide demand environment. ams is a key provider of advanced sensor and sensor interface solutions for critical systems and benefits from new platform launches with additional sensor applications. The expanding electronic and sensor content in vehicles remains a major driver for the company's automotive business going forward. ams' specialty foundry business again contributed positively to the company's results in the first half.

In operations, the expansion of ams' internal wafer fab capacity to about 155,000 wafer starts per year, which includes volume production capabilities in 0.18µm CMOS, is advancing as planned and will be finalized during the second half.

ams successfully completed the acquisition of AppliedSensor, a global leader in solid-state chemical gas sensor solutions for appliance, automotive, building automation, consumer and industrial applications. AppliedSensor is an important supplier of MEMS sensors for the detection of gases such as CO, NO₂, NH₃, CH₄, and volatile organic compounds (VOC), based in Reutlingen, Germany. ams is excited to add this technology to its sensor portfolio and has already started to integrate AppliedSensor's activities into its existing businesses.

During the quarter ams announced that the company was in preliminary talks with Dialog Semiconductor regarding a potential merger of equals. Recently, ams announced that these talks have been terminated as agreement on the terms of a transaction could not be reached.

For the third quarter 2014, ams expects revenues of EUR 127-132 million driven by product ramp-ups in its consumer business for new device platforms. The company anticipates gross margins to remain on a comparable level quarter-on-quarter in the third quarter and EBIT margin to expand further by more than 300 basis points sequentially.

ams expects strong revenue and earnings momentum from its value-driven business model to continue into 2015, based on available information. At the same time, ams confirms its outlook for substantial revenue growth and further margin increases in the coming years. The focus on high performance sensor solutions offers significant growth opportunities for ams as demonstrated by ams' full design-in and development pipeline across the markets for smartphones, mobile devices, industrial, medical, and automotive systems.

The company's half year report 2014 including additional financial information is available on the company website at <http://www.ams.com/eng/Investor/Financial-Reports>.

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About ams

ams develops and manufactures high performance analog semiconductors that solve its customers' most challenging problems with innovative solutions. ams' products are aimed at applications which require extreme precision, accuracy, dynamic range, sensitivity, and ultra-low power consumption. ams' product range includes sensors, sensor interfaces, power management ICs and wireless ICs for customers in the consumer, industrial, medical, mobile communications and automotive markets.

With headquarters in Austria, ams employs over 1,500 people globally and serves more than 7,800 customers worldwide. ams is listed on the SIX Swiss stock exchange (ticker symbol: AMS). More information about ams can be found at www.ams.com.

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