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EANS-Adhoc: ams AG / ams reports strong growth for full year 2014 and positive fourth quarter 2014 results; expects sequential revenue growth in first quarter 2015

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annual result

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Financial information for fiscal year 2014 and fourth quarter 2014

Unterpemstaetten, Austria (3 February 2015) - ams (SIX: AMS), a leading worldwide manufacturer of high performance sensor and analog solutions, reports record results for 2014 with strong growth in revenues and earnings. The success of ams' consumer solutions for smartphones and mobile devices drove this positive development resulting in the most successful year in company history. For the first quarter 2015, ams expects further sequential growth contrary to typical sector seasonality with expected revenues of EUR 145-150 million.

2014 full year revenues rose to EUR 464.4 million (USD 613.7 million), at the same time gross margin increased to 56% (excluding acquisition-related amortization). The full year operating (EBIT) margin also grew noticeably to 23%. Revenues for the fourth quarter 2014 were EUR 139.0 million, up 34% year-on-year and 5% higher quarter-on-quarter. The gross margin for the fourth quarter 2014, excluding acquisition-related amortization, reached 56% while the operating (EBIT) margin was unchanged at 23% when compared to the previous year.

Financials

Group revenues for 2014 were EUR 464.4 million (USD 613.7 million), growing by 23% compared to EUR 377.8 million for 2013. In constant currency, full year revenues increased by 22% compared to the previous year. Revenues for the fourth quarter 2014 were EUR 139.0 million, growing by 34% from the EUR 103.5 million recorded a year ago (26% in constant currency) and by 5% quarter-on-quarter.

Gross margin for the full year 2014 improved to 56%, excluding acquisition-related amortization, and 55%, including acquisition-related amortization, from 55% and 52% in 2013, respectively. This positive result was mainly due to an improved product mix, economies of scale and efficiency improvements. Gross margin for the fourth quarter 2014 was 56%, excluding acquisition-related amortization, and 54%, including acquisition-related amortization, unchanged from 56% and 54% in the same period 2013, respectively.

The result from operations (EBIT) for 2014 was EUR 105.4 million, or 23% of revenues, increasing by 65% from EUR 63.9 million, or 17% of revenues, in 2013. Investments in research and development amounted to EUR 77.0 million, or 17% of revenues, in 2014 and were driven by an expansion of development activities to support high value design-wins. The EBIT for the fourth quarter 2014 was EUR 31.4 million, or 23% of revenues, which is an increase of 30% compared to EUR 24.2 million in the fourth quarter 2013.

Net income for 2014 was EUR 97.5 million, up 60% from EUR 60.8 million in 2013. Basic / diluted earnings per share for 2014 were CHF 1.74 / 1.67 or EUR 1.43 / 1.37 based on 68,022,953 / 71,010,831 shares (weighted average; 2013: CHF 1.11 / 1.07 or EUR 0.90 / 0.87 based on 67,241,566 / 69,956,124 shares, split adjusted weighted average). Net income for the fourth quarter 2014 was EUR 28.8 million,

increasing by 23% from EUR 23.3 million for the same period 2013. Basic / diluted earnings per share for the fourth quarter were CHF 0.51 / 0.48 or EUR 0.42 / 0.40 based on 68,460,041 / 71,450,861 shares (weighted average; 2013: CHF 0.42 / 0.41 or EUR 0.35 / 0.33 based on 67,513,360 / 70,515,341 shares, split adjusted weighted average).

Cash flow from operations was EUR 130.2 million in 2014, an increase of 30% compared to EUR 100.2 million in 2013. Cash and short term investments rose to EUR 229.6 million on December 31, 2014 from EUR 104.3 million at year-end 2013, while net cash rose to EUR 45.0 million on December 31, 2014 (year-end 2013: EUR 44.2 million). Capital expenditures for 2014 were EUR 70.1 million compared to EUR 47.1 million for 2013, particularly driven by investments to expand wafer production capacity. The total backlog at December 31, 2014, excluding consignment stock agreements, stood at a record level of EUR 131.3 million (EUR 119.8 million on September 30, 2014 and EUR 76.6 million at year-end 2013). The average number of group employees was 1,637 for fiscal year 2014, compared to 1,394 for 2013, and 1,731 for the fourth quarter 2014.

Based on the company's cash dividend policy stipulating the distribution of 25% of net earnings, ams will propose a dividend of EUR 0.33 per outstanding share for 2014.

Business

ams' business developed very positively in 2014 and was characterized by strong growth particularly in the second half of the year. The significant increase in group revenues was mainly due to the success of the company's consumer and communications business which comprised about 64% of total revenues. A large number of high-value design-wins in all business areas led to further strong growth in ams' project pipeline. These successes highlight ams' leadership role in the sensor and analog markets and offer an excellent basis for additional meaningful growth in the coming years.

The company's Consumer & Communications business recorded impressive growth in 2014 which was predominantly driven by high volume product introductions for two leading global smartphone OEMs. On the back of this success ams expanded its market position as a major supplier of advanced sensor and analog solutions for smartphones, tablet PCs and mobile device even further last year. Customer design activities for ams products remained on a very high level throughout 2014 and to date.

ams' light sensor product area recorded the largest share of group revenues again last year as ams remained the worldwide market leader in advanced light sensors. ams holds a particularly strong position in the market for mobile devices and is a respected partner for leading global smartphone and tablet PC vendors given its technological edge.

The company's innovative gesture sensor solution combines high advanced gesture sensing with RGB color sensing, proximity sensing, and mobile coupon redemption in a very compact module. The solution started shipping in high volumes at the end of the first quarter 2014 to consumer OEMs including a worldwide smartphone leader. With the increasing market acceptance of gesture recognition ams sees further attractive growth opportunities in this market going forward. ams also shipped very high volumes of other ambient light and proximity sensors for a wide variety of devices last year, including a growing share of RGB color sensors for sophisticated display management.

ams' wireless business for RFID and NFC solutions developed into an important growth driver for the company last year, in line with expectations. ams' NFC antenna booster solution, which is currently unrivalled, started shipping in very high volumes into a new global smartphone platform for a worldwide leader in smartphones and tablet PCs at the beginning of the third quarter 2014. The NFC booster ensures reliable and simple NFC mobile payments for smartphones and other devices and plays an important role in NFC implementations setting new standards for performance and user experience. ams holds a strong market position in NFC focusing on continuous innovation and is convinced that the market success of its solutions will lead to further significant growth of this product line in 2015 and the coming years.

The MEMS microphone interface product area performed well in 2014 with very high unit shipments. As the clear market leader ams concentrates on advanced audio solutions for mobile devices such as smartphones and tablet PCs in a dynamic market environment. At the same time, ams was able to attractively position its innovative power management solutions for mobile devices in customer designs last year and sees interesting growth opportunities in new applications besides existing customers.

ams' industrial, medical and automotive business also developed positively in 2014 and leveraged its wide range of end markets, customers, and product lines to strengthen its market position.

In its industrial business ams saw solid growth in 2014 which was mainly driven by an attractive demand environment in the industrial end market. As a leading supplier of sensors and sensor interfaces, ams benefitted from its top tier position in the markets for industrial and factory automation, building control, and industrial sensors which recorded growth in 2014. Based on its broad portfolio of advanced sensor solutions for a variety of applications ams is a valued partner to globally successful OEMs and regarded as a technology specialist focused on innovation. As a result, ams was able to expand its market position further last year.

ams' medical business showed a positive development in 2014 and continued to demonstrate ams' impressive analog expertise through highly advanced sensor and sensor interfaces. In the core area Medical Imaging for computed tomography (CT), digital X-ray, ultrasound and mammography, the company's high resolution imaging sensors define the state-of-the-art offering significantly improved diagnostics and additional advantages for patients and doctors. ams expanded its medical business in Asia last year adding attractive design-wins and new customers for specialty sensor solutions. ams' long-term oriented medical business is characterized by strategic partnerships with leading medical systems OEMs.

ams' automotive business recorded another year of robust growth in 2014 driven by healthy demand trends in the automotive market and new vehicle platform launches. ams' high performance sensor and position measurement solutions and innovative solutions for safety systems, such as collision avoidance, and battery power management are successful worldwide making ams a valued partner for leading system suppliers. ams grew its extensive project pipeline last year and is well positioned to benefit strongly from the continuous rise in sensors and fast adoption of new sensor technologies in vehicles. ams' dedicated specialty foundry business for analog and mixed-signal ICs also performed well in 2014 and contributed attractively to the company's results.

ams' in-house manufacturing capacity was fully utilized throughout 2014. To support growth and the future development of the company ams took a significant investment in hand last year to expand its wafer fabrication facility at the company's headquarters. The first part of this capacity expansion was successfully completed and ramped in the second half of 2014 while the second part of the expansion is already underway and will be completed this year. Concurrent with the capacity expansion, ams invested into the 180 nm technology node which will be in production at the company's wafer fab this year. ams has also started an expansion of its test facility in the Philippines to prepare for expected growth in the future.

ams grew its global customer base once again last year adding a large number of new customers particularly in Asia. Selective investments into sales and technical support in Asia, Japan and the U.S. improved market penetration in these important regions and buttressed ams' growth strategy.

Outlook

Based on currently available information, ams expects its business to develop positively in the current year and record further growth in revenues and earnings.

With reference to the pre-announcement on the first quarter 2015 published

January 19, 2015 ams expects revenues for the first quarter 2015 to show sequential growth in contrast to typical sector seasonality and to reach EUR 145-150 million. At the same time, and despite continued R&D investments for further growth, ams anticipates strong profitability to continue with first quarter operating margin expected to increase slightly from fourth quarter 2014.

Additional financial information for fiscal year 2014 and the fourth quarter 2014 is available on the company website at www.ams.com/eng/Investor/Financial-Reports

Further inquiry note:

Moritz M. Gmeiner
Director Investor Relations
Tel: +43 3136 500-31211
Fax: +43 3136 500-931211
Email: investor@ams.com

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issuer: ams AG
 Tobelbader Strasse 30
 A-8141 Unterpremstaetten
phone: +43 3136 500-0
FAX: +43 3136 500-931211
mail: investor@ams.com
WWW: www.ams.com
sector: Technology
ISIN: AT0000A18XM4
indexes:
stockmarkets:
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