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EANS-Adhoc: ams AG / ams reports second quarter results at high end of expectations; year-on-year revenue growth expected in third quarter; revenue target of EUR 1bn in 2019; Alexander Everke to become CEO of ams in March 2016; agreement with State of New York

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Mid Year Results/6-month report/Management Board
27.07.2015

ams reports second quarter results at high end of expectations; year-on-year revenue growth expected in third quarter; revenue target of EUR 1bn in 2019; Alexander Everke to become CEO of ams in March 2016; agreement with State of New York (USA) on construction of dedicated wafer fab for use by ams; acquisition of environmental CMOS sensor business from NXP

Key financial data for the second quarter and first half 2015

Unterpremstaetten, Austria (27 July 2015) - ams (SIX: AMS), a leading worldwide manufacturer of high performance sensor and analog solutions, reports second quarter 2015 results at the high end of expectations with year-on-year and quarter-on-quarter growth in revenues and earnings. For the third quarter 2015, ams expects year-on-year revenue growth with operating profitability reflecting revenue trends and the addition of R&D resources. ams adds a revenue goal of EUR 1 billion in 2019 and announces that Alexander Everke will become CEO of ams in March 2016. ams has entered into an agreement with the State of New York (USA) on construction of a dedicated analog wafer fab for use by ams and has acquired the environmental CMOS sensor business from NXP.

Second quarter group revenues were EUR 169.5 million, the highest quarterly revenues in ams history, up 11% sequentially compared to the first quarter and increasing 59% from EUR 106.3 million in the same quarter 2014. Group revenues for the first half of 2015 were EUR 322.9 million, increasing 68% from EUR 192.6 million recorded in the first half of 2014. On a constant currency basis, second quarter revenues were 36% higher compared to the second quarter last year and first half revenues were 44% higher compared to the first half of 2014.

In the second quarter, gross margin remained high at 56% excluding acquisition-related costs and 54% including acquisition-related costs, compared to 57% and 55% respectively, in the same quarter 2014. In the first half of 2015, gross margin was unchanged at 56% excluding acquisition-related costs and 54% including acquisition-related costs, from 56% and 54% respectively, in the first half of 2014.

The result from operations (EBIT) excluding acquisition-related costs for the second quarter was EUR 48.5 million or 29% of revenues, increasing by 84% from EUR 26.4 million in the same period 2014. The result from operations (EBIT) including acquisition-related costs for the second quarter was EUR 44.6 million or 26% of revenues, up 86% from EUR 24.0 million in the same period 2014. This increase includes a one-time positive effect from the sale of an investment as well as operational leverage effects. For the first half of 2015, the result from operations (EBIT) including acquisition-related costs was EUR 82.8 million, up 110% from EUR 39.4 million in the same period 2014.

The net result for the second quarter was EUR 41.8 million compared to EUR 22.2 million in the same period last year. Basic and diluted earnings per share were CHF 0.63/0.61 or EUR 0.61/0.58 based on 68,948,844/71,639,611 shares (basic/diluted; weighted average) compared to CHF 0.40/0.38 or EUR 0.33/0.31 for the second quarter 2014 based on 67,822,300/70,833,270 shares (basic/diluted; split-adjusted weighted average). The net profit for the first half year 2015 was EUR 84.0 million, equivalent to CHF 1.28/1.23 or EUR 1.22/1.17 per share (basic/diluted) based on 68,792,636/71,560,877 shares (basic/diluted; weighted average), compared to EUR 36.9 million, i.e. CHF 0.66/0.63 or EUR 0.54/0.52 per share (basic/diluted) based on 67,788,585/ 70,855,770 shares (basic/diluted; split-adjusted weighted average), for the same period last year.

Operating cash flow for the second quarter was EUR 30.1 million compared to EUR 33.9 million in the second quarter last year, while operating cash flow for the first half was EUR 74.4 million compared to EUR 48.2 million in the first half year 2014. Total backlog as of today (excluding consignment stock agreements) is above EUR 138 million while total backlog on June 30, 2015 (excluding consignment stock agreements) was EUR 133.3 million compared to EUR 150.7 million at the end of the first quarter and EUR 107.1 million on June 30, 2014.

ams' business performed strongly in the second quarter and first half of 2015 given robust worldwide demand for ams' high performance sensor and analog solutions.

ams' consumer and communications business showed a very positive performance in the second quarter and first half, particularly driven by its light sensor, gesture sensor, and NFC product areas. Run rates for the ams portfolio of intelligent light sensors for leading consumer and smartphone OEMs continued at high levels in the second quarter including support for new devices. The company's gesture sensor solution combining advanced gesture recognition with RGB color, proximity sensing and other functions in a minimized footprint is shipping into multiple device platforms in high volume. Other product lines also performed well supporting major device vendors' products while in audio solutions ams expects further adoption of its low-power ANC noise cancellation technology in bundled in-box accessories.

ams continued high volume shipments of its patented boosted NFC solution in the second quarter driven by the demand for smartphones and small mobile devices. The company's technology ensures reliable transactions in space-constrained devices such as smartphones and wearables. ams is strongly positioned in differentiated boosted NFC technology with a multi-year roadmap to exploit the company's technical advantages. ams is pursuing multiple paths including strategic licensing to maximize the market and financial value of its proprietary NFC technology and has recently concluded a licensing agreement for mobile device boosted NFC technology with a strategic partner. ams is seeing strong market traction for its NFC offering and expect NFC solutions to contribute meaningfully to its anticipated revenue and earnings growth over the coming years.

The company's industrial, medical and automotive businesses posted attractive results in the second quarter and first half. The demand environment in ams' industrial end markets is benefitting its differentiated sensor and sensor interface solutions as leading industrial OEMs rely on ams to power high value industrial sensor applications. ams is sampling first announced products in the emerging area of sensor-based LED lighting control for industrial applications. ams' medical business performed well in the second quarter and first half focusing on digital imaging sensor solutions for advanced computed tomography (CT), digital X-ray and mammography. Here, ams enables high quality diagnostics for high performance imaging systems. In the company's automotive business, good demand for its sensor and sensor interface solutions continued in the second quarter. ams is well positioned in advanced driver assistance applications such as collision avoidance, magnetic and inductive position sensing, and battery management which align with major automotive trends. ams' sensor and analog expertise helps improve vehicle safety and comfort as sensor content in vehicles continues to expand. The specialty foundry business also contributed positively to the company's results in the first half.

ams' strong pipeline of design and development projects points towards

attractive growth potential in the coming years. ams has therefore decided to introduce the strategic goal of EUR 1bn in revenues in 2019 built on organic expansion of its business. To leverage ams' capabilities long-term and beyond this goal, the Supervisory Board is pleased to announce that Alexander Everke will join ams' Management Board on October 1, 2015 as CEO designate with responsibility for corporate strategy, sales and marketing. On March 1, 2016, Alexander Everke will become CEO of ams. At this time, Kirk Laney will take on the new position of Chief Strategist Sensor Solutions for a minimum of 18 months, responsible for defining sensor solution roadmaps. He will work closely with the other Management Board members, particularly on M&A and strategic relationships.

Alexander Everke built extensive experience in all aspects of the semiconductor business including mixed signal and analog during his 24-year career in the semiconductor sector. Following a master diploma in Electrical Engineering and a degree in International Business, he spent 14 years at Siemens AG and Infineon Technologies AG in sales, marketing and senior management roles including VP Sales & Marketing for the Memory Products Division, SVP Global Sales, and General Manager Chip Card and Security ICs Business Unit. From 2006-2014, Alexander Everke held senior management positions at NXP Semiconductors including SVP & General Manager Business Line Power Management, EVP & General Manager Business Unit Multi Market Semiconductors, EVP & General Manager Business Unit High Performance Mixed Signal, and EVP & General Manager Business Unit Infrastructure and Industrial and was member of the NXP management team.

In this context, the Supervisory Board would like to emphasize Kirk Laney's outstanding contribution to the success of ams and continued strong leadership as ams is becoming a leading provider of sensor solutions. Kirk Laney has been instrumental in creating leading technology and significant growth opportunities for ams which will continue to shape the future of the company. The Supervisory Board has also extended the Management Board contract of Michael Wachsler-Markowitsch as CFO of ams until 2019.

Fast-forwarding its manufacturing strategy, ams has entered into an agreement with the State of New York (USA) under which they will construct a new analog wafer fab to ams' specifications. In its first buildout stage, the wafer fab will offer capacity of at least 150k 200mm-wafer equivalents per year with a view to further expansion up to a total buildout potential of over 450k 200mm-wafer equivalents per year. Capable of 130nm and more advanced future manufacturing nodes, the new wafer fab will be located in Tech Valley, the largest technology region in the U.S. and home to other nanotechnology and semiconductor companies.

Under the agreement, ams will rent the fully operational wafer fab for a period of 20 years for a nominal yearly amount and will only incur operating expenses on the wafers produced. This structure offers significant cost benefits as ams will not be burdened with depreciation expenses for facility and equipment and therefore expects cost per wafer to be highly competitive. ams expects the new wafer fab to become operational by the end of 2017 with volume production ramp immediately thereafter. As part of the project, ams also plans to establish a design center at the Tech Valley location with a focus on advanced wafer scale packaging. Together with ams' highly efficient 200mm wafer fab in Austria whose recent expansion shows ams' clear long-term commitment to this manufacturing location, the new wafer fab advances and strengthens ams' robust production model which includes outsourcing partnerships with major merchant providers.

ams also completed a strategic transaction in the quarter acquiring the CMOS sensor business from NXP Semiconductors for an undisclosed amount. The acquisition of the CMOS sensor business based in Eindhoven (Netherlands) expands ams' environmental sensor portfolio with advanced monolithically integrated relative humidity, temperature, and pressure sensors and adds a fully developed product line with first shipments expected in the beginning of 2016. ams sees this as a disruptive technology given ultra-small form factors deploying chip-scale packaging (CSP), very low power consumption, outstanding analog accuracy and performance, and high cost-effectiveness. This attractive product line opens a large array of applications across mobile device/wearable, consumer, industrial, medical and automotive markets with significant revenue opportunities in the coming years. As part of the transaction, over 100 relevant

patents were transferred or licensed to ams creating a substantial product and IP position in the growth market for CMOS-based environmental sensors. To integrate the CMOS sensor team of around 40 employees, ams recently opened a design center in the Netherlands.

In operations, the second capacity expansion step in ams' wafer fab in Austria was completed as planned. To support two significant new programs for mobile device/smartphone applications which ams expects to ramp in 2016, ams has decided to accelerate investments into additional fab equipment. ams will also implement a further expansion of its test capacity for upcoming high volume requirements. Total capital expenditures for 2015 are therefore expected to reach EUR 75-80 million as ams prepares to realize its growth plans in the coming years.

For the third quarter 2015, ams expect revenues of EUR 150-155 million driven by ongoing business momentum in its consumer and non-consumer markets based on available information and current exchange rates. ams anticipates continued high gross margin profitability in the third quarter with gross margins remaining on a comparable level quarter-on-quarter while operating profitability is expected to reflect revenue development and the addition of further R&D resources including the new CMOS sensor business.

ams is confident about the strong revenue and earnings potential of its business, particularly when looking towards 2016 and beyond, based on available information. ams' focus on high performance sensor solutions including new opportunities such as IP licensing drives a full design and development pipeline across the markets for smartphones, mobile devices, industrial, medical, and automotive systems. This pipeline offers significant opportunities for revenue and earnings growth on the way to ams' EUR 1bn revenue goal in 2019.

The company's first half report 2015 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 is a global leader in the design and manufacture of advanced sensor solutions and analog ICs. Our mission is to shape the world with sensor solutions by providing a seamless interface between humans and technology.

ams' high-performance analog products drive applications requiring extreme precision, dynamic range, sensitivity, and ultra-low power consumption. Products include sensors, sensor interfaces, power management and wireless ICs for consumer, communications, industrial, medical, and automotive markets.

With headquarters in Austria, ams employs over 1,800 people globally and serves more than 8,000 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.

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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euro adhoc

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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