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EANS-Adhoc: ams AG / ams reports record year with strong full year 2015 growth and fourth quarter 2015 revenues above high end of expectations; expects end market-driven and seasonal revenue softness in first quarter 2016

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annual result/quarterly report
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Financial information for fiscal year 2015 and fourth quarter 2015

Premstaetten, Austria (2 February 2016) - ams (SIX: AMS), a leading worldwide manufacturer of high performance sensor and analog solutions, reports record full year results for 2015 showing strong year-on-year growth in revenues and earnings. The success of ams' consumer solutions for smartphones and mobile devices was the key factor driving ams' positive business performance last year. For the first quarter 2016, ams expects softer end market demand in its consumer business and typical seasonal effects to result in sequentially lower expected revenues of EUR 131-138 million.

2015 full year revenues grew 34% to EUR 623.1 million (USD 691.4 million), at the same time gross margin was unchanged at 56% (excluding acquisition-related amortization). The full year operating (EBIT) margin increased to 26% (excluding acquisition-related amortization). Revenues for the fourth quarter 2015 were EUR 147.2 million, up 6% year-on-year and down 4% quarter-on-quarter. Gross margin for the fourth quarter 2015 stood at 57% (excluding acquisition-related amortization), up from 56% last year, while the operating (EBIT) margin reached 23% (excluding acquisition-related amortization).

Financial overview

Group revenues for 2015 were EUR 623.1 million (USD 691.4 million), growing by 34% from EUR 464.4 million for 2014. In constant currency, full year revenues increased by 19% compared to the previous year. Revenues for the fourth quarter 2015 were EUR 147.2 million, 6% higher compared to EUR 139.0 million recorded a year ago (3% lower in constant currency) and 4% lower quarter-on-quarter. Fourth quarter revenues were slightly above the high end of published expectations of up to EUR 142 million without the first time revenue contribution of the CMOSIS image sensor business acquired in the fourth quarter.

Gross margin for the full year 2015 was 56% (excluding acquisition-related amortization), compared to 56% in 2014 (54% including acquisition-related amortization, compared to 55% in 2014). This positive result was mainly due to an attractive product mix, economies of scale and efficiency improvements. Gross margin for the fourth quarter 2015 was 57% (excluding acquisition-related amortization), up from 56% in the same period 2014 (55% including acquisition-related amortization, compared to 54% in the same period 2014).

The result from operations (EBIT) for 2015 was EUR 162.2 million or 26% of revenues (excluding acquisition-related amortization) increasing by 40% from EUR 116.1 million or 25% of revenues in 2014 (EUR 147.3 million or 24% of revenues including acquisition-related amortization, increasing from EUR 105.4 million or 23% of revenues in 2014). Investments in research and development amounted to EUR 107.8 million or 17% of revenues in 2015 and were driven by expanded development resources to support future business. The result from operations

(EBIT) for the fourth quarter 2015 was EUR 33.7 million or 23% of revenues (excluding acquisition-related amortization) compared to EUR 34.5 million or 25% of revenues in the fourth quarter 2014 (EUR 29.3 million or 20% of revenues including acquisition-related amortization, compared to EUR 31.4 million or 23% of revenues in the fourth quarter 2014).

Net income for 2015 was EUR 148.7 million, up 52% from EUR 97.5 million in 2014. Basic / diluted earnings per share for 2015 were CHF 2.30 / 2.21 or EUR 2.16 / 2.08 based on 68,873,498 / 71,604,447 shares (weighted average; 2014: CHF 1.74 / 1.67 or EUR 1.43 / 1.37 based on 68,022,953 / 71,010,831 shares, split-adjusted weighted average). Net income for the fourth quarter 2015 was EUR 30.6 million, increasing from EUR 28.8 million for the same period 2014. Basic / diluted earnings per share for the fourth quarter were CHF 0.48 / 0.46 or EUR 0.44 / 0.43 based on 69,026,942 / 71,598,007 shares (weighted average; 2014: CHF 0.51 / 0.48 or EUR 0.42 / 0.40 based on 68,460,041 / 71,450,861 shares, split-adjusted weighted average).

Cash flow from operations was EUR 152.9 million in 2015, up 21% from EUR 126.0 million in 2014. Cash and short term investments decreased to EUR 143.9 million on December 31, 2015 from EUR 229.6 million at year-end 2014, mainly due to the acquisition of CMOSIS, while net debt stood at EUR 131.3 million on December 31, 2015 due to the acquisition of CMOSIS as well as share buy-backs (year-end 2014: net cash EUR 45.0 million). Capital expenditures for 2015 were EUR 80.1 million compared to EUR 70.1 million for 2014, particularly driven by investments to expand wafer production capacity. The total backlog at December 31, 2015, excluding consignment stock agreements, was EUR 119.4 million (EUR 101.4 million on September 30, 2015 and EUR 131.3 million at year-end 2014). The average number of group employees was 1,921 for fiscal year 2015, compared to 1,636 for 2014, and 2,027 for the fourth quarter 2015.

Based on the company's cash dividend policy stipulating the distribution of 25% of net earnings, ams will propose a dividend of EUR 0.51 per outstanding share for 2015.

Business

ams' business developed very positively in 2015 and was characterized by strong growth in the first half of the year and a good performance in an increasingly difficult environment in the second half of 2015. The growth in group revenues was mainly due to the success of ams' consumer and communications business which comprised about 65% of total revenues. ams grew its global customer base once again last year while development activities for customer-driven projects reached a new high in 2015.

ams ended last year with a strong project and design-win pipeline across business areas, highlighting the company's leadership in the sensor and analog markets. This pipeline offers an excellent basis for meaningful growth in the coming years to reach ams' stated organic revenue goal of EUR 1 billion in 2019.

The company's consumer and communications business recorded significant growth in 2015 given ams' market position as a major supplier of advanced sensor and analog solutions for smartphones, tablet PCs and consumer devices.

ams' light sensor product lines again recorded the largest share of group revenues in 2015 as ams remains the worldwide market leader in advanced light sensors. ams holds a strong position in mobile device light sensor solutions and supplies a broad range of leading smartphone and tablet PC vendors. As a result, ams once again shipped substantial volumes of its high quality ambient light and proximity sensors for a variety of smartphones and other devices in 2015. The company's compact gesture sensor module combining gesture sensing with RGB color sensing, proximity sensing, and additional functions also continued to ship in high volumes to leading smartphone OEMs last year.

ams sees significant growth opportunities in the coming years based on more advanced uses of its light sensor technology, such as true color sensing and spectral sensing, which include biosensors for health data and new light sensing applications. In biosensors, ams launched its first generation product last year and expects its higher functionality second generation to be launched in the

coming months.

ams' wireless NFC/RFID business developed strongly in the first half of last year as high volume shipments of ams' NFC antenna boost solution provided a significant contribution to the company's growth. The wireless business was, however, impacted by significantly lower shipments of NFC products in the second half of 2015 due to customer-specific developments. Implementing its wireless roadmap, ams concluded a license agreement for its NFC boost technology and presented its combined analog front-end solution last year. As a result, ams continues to expect its wireless business to contribute meaningfully to the company's development in the coming years.

In audio solutions, MEMS microphone interface products showed another good performance last year with shipments of around 1.6bn units. As the clear market leader in a dynamic market environment ams concentrates on high quality applications in mobile devices. ams' low-power active noise cancellation (ANC) saw increasing market traction for smartphone in-box bundled earphones in 2015. The company expects further growth for this product area in the current and coming years.

ams' industrial, medical and automotive businesses also recorded positive results in 2015 leveraging their wide range of end markets, product lines, and customers for better market penetration.

ams' industrial business showed attractive growth in 2015 mainly driven by an overall positive demand environment in the company's industrial markets. ams strengthened its position as a leading supplier of sensors and sensor interfaces for industrial and factory automation, building control, and industrial sensing last year. ams benefits from a broad portfolio of advanced sensor technologies and solutions for high performance applications and is driving innovation to support Industry 4.0 and the Internet of Awareness. ams launched the first generation of its integrated sensor-driven lighting manager into the emerging market for true smart industrial LED lighting last year. ams sees strong market dynamics in lighting and expects this volume opportunity to unfold over the coming years.

ams added the CMOS environmental sensor business for integrated temperature, pressure and relative humidity sensors in 2015. Together with ams' gas sensor capabilities, this complete range of technologies offers very attractive growth potential in new sensor applications for industrial, home automation, and other end markets in the next years. ams expects to sample first generation CMOS environmental sensors to identified customers in the near future.

ams is very excited about the recent acquisition of CMOSIS which adds a leading high value industrial and medical image sensor business with a sound revenue base. ams expects the use of multiple sensors in industrial applications to accelerate offering good growth potential for vendors with a broad-based sensor portfolio. At the same time, CMOSIS' strong IP creates significant future growth opportunities in new markets and innovative applications.

ams' overall medical business performed well in 2015 demonstrating ams' know-how in advanced sensors and sensor interfaces. In the core area of Medical Imaging (computed tomography (CT), digital X-ray, and mammography) the company's high resolution imaging solutions lead the market creating significant diagnostic and patient benefits for higher quality healthcare. ams was able to build on this strong position and its partnerships with leading medical systems OEMs last year and sees a good pipeline of projects including new customers.

The company's automotive business recorded solid growth in 2015 given a positive demand environment in the global automotive market. ams' high performance sensor and position measurement solutions, battery management, and solutions for safety systems such as LIDAR collision avoidance continued to be successful in an increasing number of platforms. Focusing on its sensor strengths, ams is well positioned to benefit from rising semiconductor and sensor content in vehicles over the coming years. ams' dedicated specialty foundry business for analog and mixed-signal ICs recorded a good performance last year and contributed attractively to the company's results.

ams' in-house manufacturing capacity was fully utilized throughout 2015. Supporting the further development and growth potential of the company ams successfully completed its significant investment to expand wafer fabrication capacity at the company's headquarters last year. In addition, ams expanded its test facility in the Philippines to support expected business growth in the future. Preparations for construction of the company's new U.S. wafer fab which is based on agreements with the State of New York are progressing to plan. Consequently, ams continues to target a full production ramp of the new facility in the first half of 2018 which is expected to result in significant cost benefits and margin improvements for the company.

Outlook

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

For the first quarter 2016, ams expects softer end market demand, particularly in its smartphone business, and typical seasonal effects to result in sequentially lower expected revenues of EUR 131-138 million.

Despite this development ams anticipates first quarter gross margin to remain on a comparable level to the fourth quarter 2015. Given the end market-driven revenue outlook, seasonal effects and continued R&D investments for growth, ams expects first quarter operating margin (excluding acquisition-related amortization) in a range of 18-20%.

Additional financial information for fiscal year 2015 and the fourth quarter 2015 is available on the company website at www.ams.com/eng/Investor/Financial-Reports

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