

24.04.2017 – 18:00 Uhr

## **EANS-Adhoc: ams AG / ams reports first quarter 2017 results above previous guidance; sequential revenue growth expected for second quarter; fully on track for expected second half 2017 ramp-ups; significantly increased customer forecasts and revenue pipe**

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Annual Reports/quarterly report  
24.04.2017

### Key financial data for first quarter 2017

Premstaetten, Austria (24 April 2017) - ams (SIX: AMS), a leading worldwide supplier of high performance sensor solutions, reports first quarter 2017 results with revenues and operating profitability above previous guidance. ams expects sequential revenue growth for the second quarter 2017 with revenues of EUR 174-181 million and adjusted operating margin around break-even. Preparations for ramp-ups in the second half 2017 are fully on track while increased customer forecasts and a higher revenue pipeline drive a strong increase in capital expenditures. ams' mid-term revenue growth target is under upward revision.

First quarter group revenues were EUR 149.3 million, above the upper end of ams' previous guidance, up 12% sequentially compared to the fourth quarter and increasing 9% from EUR 137.2 million in the same quarter 2016. On a constant currency basis, first quarter revenues were up 6% compared to the first quarter last year. Excluding the Heptagon business, revenues were slightly up sequentially compared to the fourth quarter 2016, which was also above previous guidance.

In the first quarter, adjusted gross margin (excluding acquisition-related and share-based compensation costs) stood at 46% with IFRS reported gross margin at 40%, compared to 57% and 54% respectively, in the same quarter 2016. The lower gross margin was due to the underutilization of ams' production facilities in Singapore which reflects the ongoing capacity expansion to support high volume product ramp-ups expected to start in the third quarter 2017.

The adjusted result from operations (EBIT) (excluding acquisition-related and share-based compensation costs) for the first quarter was EUR 4.1 million or 3% of revenues which was above previous guidance, decreasing from EUR 28.2 million in the same period 2016. Excluding the Heptagon business, the adjusted EBIT margin stood at 14%, which was well above previous guidance. The IFRS reported result from operations (EBIT) for the first quarter was EUR -13.8 million or -9% of revenues, down from EUR 19.7 million in the same period 2016.

The net result for the first quarter was EUR -16.2 million compared to EUR 13.6 million in the same period last year. Basic and diluted earnings per share were CHF -0.23/-0.23 or EUR -0.22/-0.21 based on 74,496,209/76,213,409 shares (basic/diluted; weighted average) compared to CHF 0.22/0.21 or EUR 0.20/0.19 for the first quarter 2016 based on 68,667,002/70,932,874 shares (basic/diluted; weighted average).

Operating cash flow for the first quarter was EUR 26.1 million compared to EUR 7.5 million in the same quarter last year. Total backlog on March 31, 2017

(excluding consignment stock agreements) was EUR 195.6 million - a sharp increase compared to EUR 136.1 million at the end of the fourth quarter 2016 and EUR 126.2 million on March 31, 2016.

ams' business had a strong start into the year in the first quarter of 2017 recording a meaningful quarter-on-quarter increase in revenues amid solid demand from most end markets. These results demonstrate ams' strong market position in both the consumer and smartphone markets and across its balanced portfolio of consumer and non-consumer businesses.

The consumer and communications business showed attractive results in the first quarter based on overall better volumes across ams' broad customer base. Leading OEMs rely on the company's solutions and drove positive run rates of ams' high performance optical sensor solutions including ambient light sensing, proximity sensing and other optical applications. ams' other consumer product lines including audio solutions saw continued good volume shipments to a range of device vendors which contributed positively to ams' first quarter results. Design momentum in ams' consumer business remains strong as OEMs realize the attractiveness of ams' offering across key areas of sensing. ams' multi-year project and product pipeline is supported and advanced by the company's clear development focus on next generation sensing in optical / 3D, audio and environmental.

ams is receiving positive market feedback on the acquisition of Princeton Optronics which ams announced in the quarter. ams' ability to offer a complete value chain in optical sensing including VCSEL illumination sources opens up very attractive new growth opportunities for the coming years. ams sees the potential to increase its presence in consumer and smartphone applications as well as future automotive applications for 3D sensing, based on the combination of Princeton and ams technologies.

ams' industrial, medical, and automotive businesses performed well in the first quarter 2017. Demand in these non-consumer end markets is showing positive momentum and appears improved when compared to last year. ams' strong market position in industrial sensing is based on differentiated sensor and sensor interface solutions that enable high performance applications for leading OEMs and their customers globally. In ams' medical business, digital imaging sensor solutions for computed tomography (CT), digital X-ray, and mammography continued their attractive contribution driven by technology leadership. New Asian customers are offering future opportunities in this area. ams' automotive sensing business is built around sensor and sensor interface technologies for safety, driver assistance, position, and emerging applications where ams sees good demand continuing this year.

ams expects significant high volume ramp-ups in its consumer business in the second half of 2017. ams' preparation for these growth opportunities is fully on track and related activities are progressing to plan. ams is seeing significantly increased customer forecasts and a higher revenue pipeline for 2017 and particularly 2018 while ams is adding new projects and additional design-wins. As a consequence, ams is strongly increasing its capital expenditures this year and now expects group capital expenditures of around EUR 400-450 million in 2017. This increase includes additional equipment investments for optical layer deposition and an acceleration of capacity expansion at ams' Singapore sites to prepare for expected customer volume needs into 2018.

Given these very positive forecast and pipeline developments ams' mid-term revenue growth target is currently under upward revision.

For the second quarter 2017, ams is seeing a positive development of its business apart from the Heptagon business which ams expects to show the anticipated more flattish revenue development quarter-on-quarter. Based on available information and a current USD/EUR exchange rate of 1.08, ams expect second quarter revenues of EUR 174-181 million, a sequential growth of 17-21%. This expected quarter-on-quarter growth echoes a stronger business momentum in both ams' consumer and non-consumer businesses driven by an improved backlog and order intake as all end markets are expected to contribute positively.

The adjusted operating margin for the second quarter (excluding

acquisition-based and share-based compensation costs) is expected to be around break-even reflecting the current underutilization of production capacity in ams' Heptagon business. This anticipated underutilization in the second quarter is due to the installation of additional production capacity for expected high volume ramp-ups in the second half. The related adjusted EBIT margin excluding the Heptagon business is expected to be above 18% of revenues.

The quarterly report for the first quarter 2017 including additional financial information is available on the company website at [www.ams.com/eng/Investor/Financial-Reports](http://www.ams.com/eng/Investor/Financial-Reports) . Concurrently, ams has published the Annual Report 2016 which is also available on the company website at [www.ams.com/eng/Investor/Financial-Reports](http://www.ams.com/eng/Investor/Financial-Reports) .

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stockmarkets: official dealing: SIX Swiss Exchange  
language: English

Original content of: ams AG, transmitted by news aktuell

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