

First Quarter Report 2014

Key figures EUR thousands (except earnings per share)	Q1 2014	Q1 2013	Q4 2013		
Revenues	86,295	84,858	103,458		
Gross margin in % (excluding acquisition-related costs)	56%	54%	56%		
Result from operations	15,429	10,512	24,209		
Net result	14,694	9,920	23,321		
Basic / diluted earnings per share in CHF ¹⁾	1.32 / 1.26	0.91 / 0.87	2.12 / 2.03		
Basic / diluted earnings per share in EUR	1.08 / 1.04	0.74 / 0.70	1.73 / 1.65		
Total backlog (excluding consignment stocks)	85,462	77,388	76,569		

¹⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.



First quarter revenues ahead of guidance, over 500 bp year-on-year EBIT margin increase; second quarter revenues expected to reach EUR 100-105 million, further revenue growth in second half 2014

Ladies and Gentlemen

Our first quarter results demonstrate the increasing OEM penetration of our differentiated product portfolio, the profitability of our business model, and ams' strong position in the global analog market.

First quarter group revenues were EUR 86.3 million, 2% higher than in the same quarter 2013 (4% higher in constant currency terms), and 17% lower quarter-on-quarter. Gross margin was 56%, excluding acquisition-related amortization, and 54%, including acquisition-related amortization compared to 54%, excluding acquisition-related amortization, and 51%, including acquisition-related amortization, in the first quarter 2013.

The result from operations (EBIT) for the first quarter was EUR 15.4 million or 18% of revenues, up 47% from EUR 10.5 million in the same period 2013. The first quarter net result was EUR 14.7 million compared to EUR 9.9 million in the same period 2013. Basic/diluted earnings per share were CHF 1.32/1.26 or EUR 1.08/1.04 based on 13,547,542/14,177,959 shares (average; basic/diluted), up from CHF 0.91/0.87 or EUR 0.74/0.70 based on 13,410,605/14,077,837 shares (average; basic/diluted) in the first quarter 2013. Total backlog, excluding consignment stock agreements, was impacted by shortened order lead times in Consumer and Communications and stood at EUR 85.5 million on March 31, 2014, up from EUR 76.6 million on December 31, 2013 and EUR 77.4 million on March 31, 2013. Operating cash flow for the first quarter was EUR 14.3 million compared to EUR 13.7 million in the first quarter 2013.

Our business showed positive results in the first quarter given a good performance of key end markets and our leading position in high performance sensor and analog solutions for demanding applications.

In Consumer and Communications, we started shipping our innovative gesture sensor module in mass production volumes in the first quarter. The module combines RGB color and proximity sensing with mobile coupon redemption and advanced gesture recognition for mobile device applications. We are already seeing very high run rates for this product supplying major Asian smartphone OEMs. At the same time, high volume shipments of our other intelligent light sensors and MEMS microphone drivers to large smartphone and mobile device OEMs continued at an attractive pace.

Within our wireless product range we are gearing up for large scale customer projects using our NFC solutions, namely our antenna boost products which enable seamless transactions in the smallest form factors available. We expect the trend of NFC adoption in smartphones to accelerate in 2014 driving high volume NFC shipments and profitable growth for ams and confirming our strong position in NFC hardware solutions. As we develop the next generation of NFC products we continue to be agnostic toward the physical position of the NFC secure element which may be embedded into the device, integrated into a SIM card or accessed in dematerialized form over the network.

First Quarter Report

2014



Our industrial and medical business performed well in the first quarter. The demand environment in industrial end markets continues to be positive supporting growth of our industrial product lines. We supply dedicated sensors and sensor interfaces into a broad range of industrial applications worldwide. Our medical business remains focused around our sensor solutions for digital imaging, which includes leading edge computed tomography (CT), mammography, digital X-ray and ultrasound.

Our automotive business also had a good start into the year and sees continuing healthy demand for its sensor and sensor interface solutions in 2014. ams products will be included in additional vehicle platforms this year so that even more critical safety and control systems rely on ams' sensor expertise to provide higher levels of safety and reliability. Based on our pipeline of automotive design-ins, we continue to anticipate our automotive business delivering attractive growth in the years to come.

For the second quarter 2014, we expect strong sequential and year-on-year revenue growth with revenues of EUR 100-105 million in the current exchange rate environment. High volume shipments for new Consumer and Communications products are expected to drive this growth. We see profitability continuing to increase in the second quarter and expect EBIT margin to expand further by more than 150 bps quarter-on-quarter.

We feel confident about the positive development of our business through 2014 given our product and design-in pipeline for smartphones, mobile devices, industrial, medical, and automotive systems. Our focus on sensor solutions offers a wealth of opportunities supporting our longer term outlook for continued growth in revenues and profitability in the coming years.

Consolidated Income Statement

(unaudited)

EUR thousands (except earnings per share)	Q1 2014	Q1 2013
Revenue Products	76,808	76,782
Revenue Foundry & Other	9,487	8,076
Total revenues	86,295	84,858
Cost of sales	- 39,767	- 41,434
Gross profit	46,528	43,424
Gross margin in % (excluding acquisition-related costs)	56%	54%
Gross margin in % (including acquisition-related costs)	54%	51%
Research and development	- 16,451	- 16,487
Selling, general and administrative	- 15,989	- 17,636
Other operating income	1,482	1,218
Other operating expense	- 38	- 69
Result from investments in associates	- 102	62
Result from operations	15,429	10,512
Net financing result	- 74	- 174
Result before tax	15,355	10,337
Income tax result	- 660	- 417
Net result	14,694	9,920
Basic / diluted earnings per share in CHF ¹⁾	1.32 / 1.26	0.91 / 0.87
Basic / diluted earnings per share in EUR	1.08 / 1.04	0.74 / 0.70

¹⁾ Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

Consolidated Balance Sheet

(unaudited)

EUR thousands	as of	March 31, 2014	December 31, 2013
Assets			
Cash and cash equivalents		72,849	83,358
Financial assets		21,215	20,976
Trade receivables		63,122	63,724
Inventories		45,151	40,487
Other receivables and assets		13,279	10,544
Total current assets		215,615	219,089
Property, plant and equipment		166,280	145,409
Intangible assets		240,256	243,045
Investments in associates		4,865	5,074
Deferred tax assets		33,283	33,282
Other long-term assets		6,800	7,133
Total non-current assets		451,484	433,944
Total assets		667,099	653,032
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings		1,994	777
Trade liabilities		28,423	28,300
Provisions		22,301	23,176
Other liabilities		25,117	24,070
Total current liabilities		77,835	76,324
Interest-bearing loans and borrowings		58,091	59,318
Employee benefits		24,080	23,576
Provisions		23,069	22,853
Deferred tax liabilities		12,869	13,584
Other long-term liabilities		12,340	12,648
Total non-current liabilities		130,449	131,979
Shareholders' equity			
Issued capital		35,342	35,270
Additional paid-in capital		230,735	228,615
Treasury shares		- 44,416	- 41,726
Other reserves (translation adjustment)		5,951	6,319
Retained earnings		231,204	216,253
Total shareholders' equity and reserves		458,816	444,729
Total liabilities and shareholders' equity		667,099	653,032

Consolidated Statement of Cash Flows

(unaudited)

EUR thousands	Q1 2014	Q1 2013
Operating activities		
Result before tax	15,355	10,337
Depreciation (net of government grants)	8,469	8,967
Changes in employee benefits	504	554
Expenses from stock option plan (acc. to IFRS 2)	810	719
Changes in other long-term liabilities	- 807	1,536
Result from sale of plant and equipment	- 10	18
Result from sale of investments	170	0
Result from investments in associates	102	- 62
Net financing result	74	174
Changes in assets	- 6,463	- 7,797
Changes in short-term operating liabilities and provisions	- 1,699	- 546
Tax payments	- 2,250	- 183
Cash flows from operating activities	14,254	13,717
Investing activities		
Acquisition of intangibles, property, plant and equipment	- 23,011	- 13,494
Acquisition of financial investments	- 3,003	- 2,000
Proceeds from sale of plant and equipment	10	593
Proceeds from sale of investments	2,850	0
Interest received	326	443
Cash flows from investing activities	- 22,827	- 14,458
Financing activities		
Proceeds from borrowings	0	265
Repayment of debt	0	- 1,947
Repayment of finance lease liabilities	- 259	- 267
Acquisition of treasury shares	- 3,758	- 224
Sale of treasury shares	1,068	1,626
Interest paid	- 370	- 445
Changes resulting from capital increase	1,383	7,803
Cash flows from financing activities	- 1,936	6,809
Change in cash and cash equivalents	- 10,509	6,068
Cash and cash equivalents at begin of period	83,358	67,916
Cash and cash equivalents at end of period	72,849	73,984

First Quarter Report

2014



ams AG
Tobelbader Strasse 30
8141 Unterpemstaetten, Austria
T +43 3136 500-0
investor@ams.com
www.ams.com

This report is also available in German. All figures are unaudited.