

# Third Quarter Report 2015

<b>Key figures</b>	<b>Q3 2015</b>	<b>Q3 2014</b>	<b>Q2 2015</b>	<b>9 months 2015</b>	<b>9 months 2014</b>
EUR thousands (except earnings per share)					
Revenues	153,046	132,794	169,545	475,937	325,394
Gross margin in % (excluding acquisition-related costs)	56%	57%	56%	56%	57%
Gross margin in % (including acquisition-related costs)	54%	55%	54%	54%	55%
Result from operations (excluding acquisition-related costs)	37,977	37,370	48,464	128,520	81,646
Result from operations (including acquisition-related costs)	35,148	34,544	44,571	117,967	73,954
Net result	34,017	31,862	41,767	118,024	68,762
Basic / diluted earnings per share in CHF <sup>1)</sup>	0.54 / 0.52	0.57 / 0.54	0.63 / 0.61	1.81 / 1.74	1.23 / 1.18
Basic / diluted earnings per share in EUR	0.49 / 0.47	0.47 / 0.45	0.61 / 0.58	1.71 / 1.65	1.01 / 0.97
Total backlog (excluding consignment stocks)	101,395	119,837	133,341	101,395	119,837

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

**Third quarter revenues of EUR 153 million in upper half of guidance range; positive third quarter results in a cautious market environment; softer demand patterns in consumer and non-consumer markets lead to expected fourth quarter revenues of EUR 137-142 million at expected stable gross margin**

Report to shareholders on the third quarter of 2015

**Ladies and Gentlemen**

Our third quarter results show the ongoing success of our high performance sensor and analog solutions as we benefit from our broad product portfolio across markets.

Third quarter group revenues were EUR 153.0 million, increasing 15% year-on-year from EUR 132.8 million in the same quarter 2014 and decreasing 10% quarter-on-quarter. On a constant currency basis, third quarter revenues were 2% higher compared to the third quarter last year.

In the third quarter, gross margin remained unchanged from the previous quarter at 56% excluding acquisition-related costs and 54% including acquisition-related costs, compared to 57% and 55% respectively, in the same quarter 2014.

The result from operations (EBIT) excluding acquisition-related costs for the third quarter was EUR 38.0 million or 25% of revenues, increasing slightly from EUR 37.4 million in the same period 2014. The result from operations (EBIT) including acquisition-related costs for the third quarter was EUR 35.1 million or 23% of revenues, up 2% from EUR 34.5 million in the same period 2014. This development reflects the addition of R&D resources including the recent acquisition of the CMOS environmental sensor business. The net result for the third quarter was EUR 34.0 million compared to EUR 31.9 million in the same period last year. Basic and diluted earnings per share were CHF 0.54/0.52 or EUR 0.49/0.47 based on 68,935,827/71,718,080 shares (basic/diluted; weighted average) compared to CHF 0.57/0.54 or EUR 0.47/0.45 for the third quarter 2014 based on 68,071,765/70,796,466 shares (basic/diluted; weighted average).

Operating cash flow for the third quarter was EUR 34.5 million, up from EUR 33.7 million in the third quarter last year. Total backlog on September 30, 2015 (excluding consignment stock agreements) was EUR 101.4 million given customer order behavior in the current environment with current backlog on a comparable level, compared to EUR 133.3 million at the end of the second quarter and EUR 119.8 million on September 30, 2014.

ams' business performed well in the third quarter of 2015 taking into account a more cautious demand environment and customer behavior, particularly in the consumer market.

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Our consumer and communications business saw a good performance in the third quarter, particularly driven by our light sensor, gesture sensor, and wireless product areas. Our portfolio of intelligent light sensors for leading consumer and smartphone OEMs continues to ship at high run rates including support for new devices. Our gesture sensor solution combining gesture recognition with RGB color, proximity sensing and other functions is seeing ongoing high volume shipments into multiple device platforms. We also began shipping cost-efficient light sensor solutions based on our proprietary TSV technology in volume.

We announced our first generation biosensor AS7000 in the quarter and have seen first shipments into a wearable application for a personal wristband. The new product offers high quality heart rate measurement for wearable devices and supports the implementation of heart rate variability (HRV) applications with meaningful accuracy when compared to existing offerings. Following our multi-year roadmap for innovative high value biosensors with significantly more sophisticated functionality, we expect to announce a second generation biosensor offering novel capabilities in the coming six months, based on current information.

In other product lines, we saw continued volume shipments to support leading vendors' devices with our high performance analog products. In audio solutions, we announced the adoption of our low-power ANC noise cancellation technology by another major smartphone OEM for bundled in-box earphones. High volume shipments of our boosted NFC solution continued ensuring reliable transactions in space-constrained devices such as smartphones and wearables.

Our industrial, medical, and automotive businesses were again successful in a more cautious market environment in the third quarter. For our industrial end markets, we provide differentiated high value sensor and sensor interface solutions to leading industrial OEMs, powering a broad range of position sensing and automation applications while sampling the first generation of sensor-based LED lighting control. In our medical business we continue to focus on digital imaging sensor solutions for advanced computed tomography (CT), digital X-ray and mammography. Our automotive business performed well in the quarter and is strongly positioned for major automotive trends requiring higher sensor content for advanced driver assistance/LIDAR collision avoidance, position sensing, and battery power management.

For the fourth quarter 2015, we see softer demand patterns in consumer and non-consumer markets as well as customer-specific effects influencing our business and therefore expect revenues of EUR 137-142 million, based on current exchange rates and available information. At the same time, we anticipate gross margin profitability in the fourth quarter to remain stable compared to the third quarter while operating profitability is expected to be sequentially lower reflecting the revenue development and comparable R&D investments supporting critical sensor solution strategies.

We are confident about the strong revenue and earnings potential of our business driven by new sensor and analog technologies for innovative applications in the consumer, smartphone and non-consumer markets, based on available information. We are continuing to evaluate further additions to our sensor technologies portfolio to broaden the scope of our high value solutions. Our leading position in sensor solutions aligns with our full project pipeline and identified opportunities for revenue and earnings growth over the coming years towards our 2019 revenue goal of EUR 1bn.

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## Consolidated Income Statement

(unaudited)

EUR thousands (except earnings per share)	Q3 2015	9 months 2015	Q3 2014	9 months 2014
Revenue Products	142,428	442,847	122,975	295,269
Revenue Foundry & Other	10,618	33,090	9,818	30,125
<b>Total revenues</b>	<b>153,046</b>	<b>475,937</b>	<b>132,794</b>	<b>325,394</b>
Cost of sales	-69,934	-217,132	-59,796	-147,766
<b>Gross profit</b>	<b>83,113</b>	<b>258,806</b>	<b>72,998</b>	<b>177,628</b>
Gross margin in %	54%	54%	55%	55%
Research and development	-25,797	-76,141	-19,589	-53,944
Selling, general and administrative	-24,316	-72,111	-20,804	-55,024
Other operating income	2,272	5,706	2,086	5,742
Other operating expense	-115	-227	-35	-129
Result from investments in associates	-8	1,935	-113	-318
<b>Result from operations</b>	<b>35,148</b>	<b>117,967</b>	<b>34,544</b>	<b>73,954</b>
Net financing result	1,277	8,633	423	-342
<b>Result before tax</b>	<b>36,426</b>	<b>126,599</b>	<b>34,967</b>	<b>73,612</b>
Income tax result	-2,408	-8,575	-3,105	-4,850
<b>Net result</b>	<b>34,017</b>	<b>118,024</b>	<b>31,862</b>	<b>68,762</b>
Basic / diluted earnings per share in CHF <sup>1)</sup>	0.54 / 0.52	1.81 / 1.74	0.57 / 0.54	1.23 / 1.18
Basic / diluted earnings per share in EUR	0.49 / 0.47	1.71 / 1.65	0.47 / 0.45	1.01 / 0.97

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

## Consolidated Balance Sheet

(unaudited)

EUR thousands	September 30, 2015	December 31, 2014
<b>Assets</b>		
Cash and cash equivalents	166,302	203,681
Financial assets	40,086	25,933
Trade receivables	92,462	78,992
Inventories	66,406	59,856
Other receivables and assets	20,755	18,286
<b>Total current assets</b>	<b>386,012</b>	<b>386,747</b>
Property, plant and equipment	243,336	204,096
Intangible assets	319,737	315,749
Investments in associates	1,546	6,549
Deferred tax assets	34,261	34,075
Other long-term assets	7,312	7,749
Total non-current assets	606,193	568,218
<b>Total assets</b>	<b>992,205</b>	<b>954,964</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Interest-bearing loans and borrowings	1,844	38,474
Trade liabilities	37,185	51,032
Provisions	46,038	37,615
Other liabilities	30,692	42,096
<b>Total current liabilities</b>	<b>115,760</b>	<b>169,217</b>
Interest-bearing loans and borrowings	143,158	146,138
Employee benefits	29,245	27,015
Provisions	30,186	27,125
Deferred tax liabilities	18,214	20,846
Other long-term liabilities	7,173	8,858
<b>Total non-current liabilities</b>	<b>227,977</b>	<b>229,983</b>
<b>Shareholders' equity</b>		
Issued capital	73,409	73,267
Additional paid-in capital	202,811	200,031
Treasury shares	-69,443	-54,533
Other reserves (translation adjustment)	48,451	38,119
Retained earnings	393,242	298,881
Total shareholders' equity and reserves	648,468	555,764
<b>Total liabilities and shareholders' equity</b>	<b>992,205</b>	<b>954,964</b>

## Consolidated Statement of Cash Flows (unaudited)

EUR thousands	Q3 2015	9 months 2015	Q3 2014	9 months 2014
<b>Operating activities</b>				
Result before tax	36,426	126,599	34,967	73,612
Depreciation (net of government grants)	11,100	34,994	9,516	26,735
Impairment Losses	0	0	0	0
Expense from stock option plan (acc. to IFRS 2)	559	2,004	596	2,216
Changes in other long-term liabilities	-76	-1,685	91	1,243
Result from sale of plant and equipment	58	32	0	-1
Result from sale of financial assets	0	-2,631	0	170
Result from investments in associates	8	696	113	318
Net financing cost	-1,276	-8,631	-423	342
Change in inventories	-1,997	-6,550	991	-8,899
Change in trade and other receivables	6,006	-15,503	-24,368	-30,034
Change in trade and other payables	-12,841	-8,259	11,620	14,756
Change in provisions and employee benefits	2,960	5,632	4,022	5,901
Change in deferred income	565	-574	-1,759	609
Tax Payments	-1,581	-9,674	-1,927	-4,614
Change in non-cash items resulting from foreign exchange translation	-5,420	-7,605	272	-477
<b>Cash flows from operating activities</b>	<b>34,490</b>	<b>108,847</b>	<b>33,711</b>	<b>81,875</b>
<b>Investing activities</b>				
Acquisition of intangibles, property, plant and equipment	-18,104	-63,786	-17,586	-57,588
Acquisition of financial investments	0	-19,560	-7,500	-23,360
Proceeds from sale of plant and equipment	25	88	0	11
Proceeds from the sale of financial assets	0	7,081	3,000	3,000
Interest received	262	876	262	829
<b>Cash flows from investing activities</b>	<b>-17,818</b>	<b>-75,301</b>	<b>-21,824</b>	<b>-77,109</b>
<b>Financing activities</b>				
Proceeds from borrowings	1,067	65,135	8,151	9,106
Repayment of debt	-9,827	-104,745	0	-393
Repayment of finance lease liabilities	-319	-950	-263	-779
Acquisition of treasury shares	-5,871	-28,162	-68	-14,914
Sale of treasury shares	2,899	13,252	2,797	4,802
Interest paid	-184	-933	-273	-1,082
Expenses from financial instruments	1,759	-328	0	-1,007
Dividends paid	0	-22,795	0	-14,106
Changes resulting from capital increase	-14	918	2,545	5,163
<b>Cash flows from financing activities</b>	<b>-10,490</b>	<b>-78,608</b>	<b>12,889</b>	<b>-13,210</b>
Net increase in cash and cash equivalents	6,181	-45,062	24,933	-8,287
Translation result of cash items	1,042	7,684	2,484	2,857
Cash and cash equivalents at begin of period	159,079	203,681	50,512	83,358
<b>Cash and cash equivalents at end of period</b>	<b>166,302</b>	<b>166,302</b>	<b>77,928</b>	<b>77,928</b>

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