

Half Year Report 2013

Key figures EUR thousands (except earnings per share)	Q2 2013	Q2 2012	Q1 2013	1st Half 2013	1st Half 2012
Revenues	91,238	96,121	84,858	176,096	186,791
Gross margin in % (excluding acquisition-related costs)	54%	54%	54%	54%	54%
Result from operations	9,095	21,329	10,512	19,606	39,639
Net result	8,958	19,691	9,920	18,878	38,937
Basic / diluted earnings per share in CHF ¹⁾	0.83 / 0.79	1.87 / 1.77	0.91 / 0.87	1.73 / 1.66	3.68 / 3.53
Basic / diluted earnings per share in EUR	0.67 / 0.64	1.56 / 1.48	0.74 / 0.70	1.41 / 1.35	3.06 / 2.93
Total backlog (excluding consignment stocks)	82,435	106,788	77,388	82,435	106,788

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

Sequential revenue growth in the second quarter; third quarter revenues expected to reach EUR 94-98 million; investments to realize strongest-ever project pipeline on track

Report to shareholders on the first half of 2013

Ladies and Gentlemen

Our second quarter and first half results reflect the expected development of our business in the first half of this year while ams gets ready for upcoming ramp-ups and prepares to realize a full multi-year pipeline of projects and design-ins going forward.

Financial results

Second quarter group revenues were EUR 91.2 million, up 8% sequentially compared to the first quarter and decreasing 5% from EUR 96.1 million in the same quarter 2012. Group revenues for the first half of 2013 were EUR 176.1 million, decreasing 6% from EUR 186.8 million recorded in the first half of 2012. On a constant currency basis, second quarter revenues were 4% lower compared to the second quarter last year and first half revenues were 5% lower compared to the first half of 2012.

In the second quarter, gross margin was 54% excluding acquisition-related amortization and 51% including acquisition-related amortization, compared to 54% and 52% respectively, in the same quarter 2012. For the first half of 2013, gross margin was 54% excluding acquisition-related amortization and 51% including acquisition-related amortization, compared to 54% and 51% respectively, in the first half of 2012.

The result from operations (EBIT) for the second quarter was EUR 9.1 million or 10% of revenues, a decrease of 57% from EUR 21.3 million in the second quarter of 2012. Adjusted for a one-time severance payment for a previous management board member of approximately EUR 1.2 million and a one-time equity investment write-down of EUR 1.8 million, EBIT was EUR 12.1 million or 13% of revenues for the second quarter. This result reflects our continuing upfront investments into R&D resources for existing pipeline projects and sales and marketing resources for dedicated customer support. For the first half of 2013, reported EBIT was EUR 19.6 million compared to EUR 39.6 million in the same period last year.

The net result for the second quarter was EUR 9.0 million compared to EUR 19.7 million in the same period last year. Basic and diluted earnings per share for the quarter were CHF 0.83/0.79 or EUR 0.67/0.64 based on 13,358,739/13,932,770 shares (basic/diluted; weighted average) compared to CHF 1.87/1.77 or EUR 1.56/1.48 for the second quarter 2012. The net profit for the first half year 2013 was EUR 18.9 million, equivalent to CHF 1.73/1.66 or EUR 1.41/1.35 per share (basic/diluted) based on 13,384,672/14,008,626 shares (basic/diluted; weighted average), compared to EUR 38.9 million, i.e. CHF 3.68/3.53 or EUR 3.06/2.93 per share (basic/diluted), for the same period last year.

Operating cash flow for the second quarter was EUR 23.2 million compared to EUR 24.8 million in the second quarter last year, while operating cash flow for the first half was EUR 36.9 million compared to EUR 49.4 million in the first half year 2012. Total backlog on June 30, 2013 (excluding consignment stock agreements) was EUR 82.4 million compared to EUR 77.4 million at the end of the first quarter and EUR 106.8 million on June 30, 2012.

Business overview

ams' business performed well in the second quarter and first half of 2013. We continue to combine expanding OEM relationships with a strong, growing and differentiated product portfolio to serve customers' current and future technology needs.

In our Consumer & Communications business, we saw shipments of our light sensor, lighting and power management ICs to handset and mobile device OEMs remain at attractive levels despite a slower development of end market volume demand. Best-in-class integrated optical sensor solutions continue to make us a key supplier to major smartphone and mobile device OEMs worldwide.

We see strong customer demand for new sensor technologies in smartphones and mobile devices, which will enable attractive functions to be incorporated in next-generation models. Offering tangible user benefits, these may include new applications in areas such as user device interaction, navigation, or mobile transactions. Our solution enabling mobile couponing via optical sensor technology is only one example of the innovation we can bring to smartphones and mobile devices. MEMS microphone driver shipments developed positively in the first half of 2013 with new mobile device platforms continuing to rely on ams' outstanding technology to support low noise and highest sound quality.

In our wireless business for NFC and RFID, design-in and development activities continue at high levels for our NFC solutions including front ends, antenna boost and peer-to-peer capabilities. Our NFC solutions are strongly positioned and well known in the market for their technical capabilities supporting seamless mobile device transactions. We offer high sensitivity NFC performance in the smallest form factors available to enable a high quality user experience for smartphone NFC transactions. Shipments of other wireless products developed positively in the quarter albeit at a less intensive rate than previously expected. We continue to see strong profitable growth in NFC going forward which is supported by a variety of active projects and strong OEM engagements and commitments.

Our industrial and medical business again offered a very good performance in the second quarter and first half. Our differentiated sensor and sensor interface products and solutions are successful in a variety of industrial end markets based on their technological advances and high performance in demanding applications. This business benefitted from a more attractive market environment in the first half of the year. Our medical business again posted positive results driven by our digital imaging solutions, particularly for leading edge computed tomography (CT), mammography and ultrasound.

Our automotive business continued its positive development in the first six months, driven by the success of our sensor and sensor interface solutions and new platform launches. We expect our automotive business to show further growth going forward given our focus on high performance products for critical systems and the ongoing expansion of electronic and sensor systems in vehicles.



Our specialty foundry business again contributed positively to our results in the first half. In operations, the investment into the advanced 3D packaging line at our headquarters remains fully on track and the line is expected to ramp into production at the end of this year.

Our market position in high performance analog solutions continues to be driven by our full pipeline of development projects and design-ins despite the announced delay in certain customer ramp-ups for new Consumer & Communications products. We have added further high quality design-ins for long-term projects in the second quarter and see continuing high levels of design-in and development activities around our products. Our ongoing investments into R&D and customer sales support are fully supported by exciting growth opportunities for ams in the years to come.

We have also experienced no negative impact on customer relationships or on our project pipeline situation following the management board change during the quarter given the broad and experienced management team at ams. The search process for the envisaged expansion of the management board is ongoing.

Outlook

As previously announced we are adapting our outlook presentation with a focus on the upcoming quarter to better reflect the significant revenue share of Consumer & Communications and the related market characteristics. For the third quarter 2013, we expect revenues of EUR 94-98 million driven by new product ramp-ups. We also expect gross margin to increase quarter-on-quarter in the third quarter and EBIT margin to expand by more than 400 bps on a sequential basis.

While we see a flattish revenue development for 2013 compared to the previous year, we reiterate our strong longer term outlook for growth in revenues and profitability in the coming years. This expectation is driven by our significant pipeline of products and design-ins across the markets for smartphones, tablet PCs, mobile devices, industrial, medical, and automotive systems.

Unterpremstaetten, July 22, 2013

Kirk Laney, CEO

Michael Wachsler-Markowitsch, CFO

Consolidated Income Statement

(unaudited)

EUR thousands (except earnings per share)	Q2 2013	1st Half 2013	Q2 2012	1st Half 2012
Revenue Products	81,471	158,253	89,856	174,060
Revenue Foundry & Other	9,767	17,843	6,265	12,731
Total revenues	91,238	176,096	96,121	186,791
Cost of sales	- 44,414	- 85,848	- 46,308	- 91,081
Gross profit	46,824	90,248	49,813	95,710
Gross margin in % (excluding acquisition-related costs)	54%	54%	54%	54%
Gross margin in % (including acquisition-related costs)	51%	51%	52%	51%
Research and development	- 17,896	- 34,383	- 14,978	- 29,133
Selling, general and administrative	- 18,813	- 36,449	- 15,207	- 29,576
Other operating income	1,200	2,418	1,432	2,574
Other operating expense	- 324	- 393	- 25	- 53
Result from investments in associates	- 1,897	- 1,835	295	116
Result from operations	9,095	19,606	21,329	39,639
Net financing result	37	- 137	- 1,768	- 811
Result before tax	9,132	19,469	19,561	38,828
Income tax result	- 174	- 591	130	110
Net result	8,958	18,878	19,691	38,937
Basic / diluted earnings per share in CHF ¹⁾	0.83 / 0.79	1.73 / 1.66	1.87 / 1.77	3.68 / 3.53
Basic / diluted earnings per share in EUR	0.67 / 0.64	1.41 / 1.35	1.56 / 1.48	3.06 / 2.93

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

Statement of comprehensive income

(unaudited)

EUR thousands (except earnings per share)	Q2 2013	1st Half 2013	Q2 2012	1st Half 2012
Net result	8,958	18,878	19,691	38,937
Translation adjustment	- 6,485	843	12,918	5,173
Other comprehensive income	- 6,485	843	12,918	5,173
Total comprehensive income	2,473	19,721	32,609	44,110

Consolidated Balance Sheet

(unaudited)

EUR thousands	as of	June 30, 2013	December 31, 2012
Assets			
Cash and cash equivalents		55,222	67,916
Financial assets		20,786	18,931
Trade receivables		54,492	42,175
Inventories		45,793	56,186
Other receivables and assets		10,811	11,238
Total current assets		187,104	196,447
Property, plant and equipment		146,270	131,282
Intangible assets		258,807	259,966
Investments in associates		4,765	6,430
Deferred tax assets		32,831	32,876
Other long-term assets		8,368	6,991
Total non-current assets		451,041	437,545
Total assets		638,145	633,992
Liabilities and shareholders' equity			
Liabilities			
Interest-bearing loans and borrowings		2,019	9,428
Trade liabilities		26,267	26,392
Provisions		22,187	24,267
Other liabilities		19,145	20,789
Total current liabilities		69,618	80,876
Interest-bearing loans and borrowings		76,144	71,407
Employee benefits		20,994	19,159
Provisions		23,427	22,817
Deferred tax liabilities		15,757	17,165
Other long-term liabilities		13,647	13,053
Total non-current liabilities		149,968	143,601
Shareholders' equity			
Issued capital		35,101	34,658
Additional paid-in capital		223,641	214,763
Treasury shares		- 35,866	- 35,240
Other reserves (translation adjustment)		18,789	17,946
Retained earnings		176,894	177,387
Total shareholders' equity and reserves		418,558	409,514
Total liabilities and shareholders' equity		638,145	633,992

Consolidated Statement of Cash Flows

(unaudited)

EUR thousands	Q2 2013	1st Half 2013	Q2 2012	1st Half 2012
Operating activities				
Result before tax	9,132	19,469	19,561	38,828
Depreciation (net of government grants)	9,018	17,985	8,086	16,758
Changes in employee benefits	1,281	1,835	349	633
Expenses from stock option plan (acc. to IFRS 2)	719	1,438	519	1,038
Changes in other long-term liabilities	- 1,741	- 205	1,215	- 1,026
Result from sale of plant and equipment	- 4	14	0	- 12
Result from investments in associates	1,897	1,835	- 295	- 116
Net financing result	- 37	137	1,768	811
Changes in assets	4,924	- 2,873	- 16,607	- 22,639
Changes in short-term operating liabilities and provisions	- 159	- 705	10,914	16,070
Tax payments	- 1,848	- 2,031	- 668	- 926
Cash flows from operating activities	23,182	36,899	24,842	49,419
Investing activities				
Acquisition of intangibles, property, plant and equipment	- 19,348	- 32,842	- 4,479	- 12,795
Acquisition of financial investments	0	- 2,000	- 5,000	- 5,000
Proceeds from sale of plant and equipment	4	597	0	0
Interest received	400	842	263	613
Cash flows from investing activities	- 18,945	- 33,403	- 9,215	- 17,182
Financing activities				
Proceeds from borrowings	136	400	1,170	1,601
Repayment of debt	- 670	- 2,617	- 23,602	- 25,358
Repayment of finance lease liabilities	- 272	- 539	- 275	- 542
Acquisition of treasury shares	- 2,294	- 2,518	- 9,464	- 14,925
Sale of treasury shares	265	1,891	1,288	2,124
Interest paid	- 874	- 1,319	- 845	- 1,393
Dividend paid	- 19,371	- 19,371	- 8,095	- 8,095
Changes resulting from capital increase	81	7,883	2,058	2,626
Cash flows from financing activities	- 22,999	- 16,190	- 37,764	- 43,963
Change in cash and cash equivalents	- 18,763	- 12,694	- 22,138	- 11,726
Cash and cash equivalents at begin of period	73,984	67,916	62,146	51,735
Cash and cash equivalents at end of period	55,222	55,222	40,008	40,008

Changes in Equity

(unaudited)

EUR thousands	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustment	Retained earnings	Total shareholders' equity
Total equity as of January 1, 2012	33,425	193,581	- 23,545	23,044	105,665	332,170
Net result	0	0	0	0	38,937	38,937
Comprehensive income	0	0	0	5,173	0	5,173
Share based payments	0	3,414	0	0	0	3,414
Dividend paid	0	0	0	0	- 8,095	- 8,095
Capital increase	250	0	0	0	0	250
Acquisition of treasury shares	0	0	- 14,925	0	0	- 14,925
Sale of treasury shares	0	0	2,124	0	0	2,124
Total equity as of June 30, 2012	33,675	196,995	- 36,346	28,217	136,507	359,048
Total equity as of January 1, 2013	34,658	214,763	- 35,240	17,946	177,387	409,514
Net result	0	0	0	0	18,878	18,878
Comprehensive income	0	0	0	843	0	843
Share based payments	0	8,878	0	0	0	8,878
Dividend paid	0	0	0	0	- 19,371	- 19,371
Capital increase	443	0	0	0	0	443
Acquisition of treasury shares	0	0	- 2,518	0	0	- 2,518
Sale of treasury shares	0	0	1,891	0	0	1,891
Total equity as of June 30, 2013	35,101	223,641	- 35,866	18,789	176,894	418,558

Half Year Report

2013

Notes on the Interim Financial Statements June 30, 2013

(unaudited)

1. Accounting principles

The consolidated financial statements of ams Group are based on the accounts of the individual group companies at June 30, 2013. This half year report is consistent with IAS 34. The accounting principles applied in this half-year report basically correspond with the reporting policies in the Full Year Consolidated Financial Statements dated December 31, 2012

2. Segment reporting and revenues

EUR thousands	1st half 2013			1st half 2012		
Business segments	Products	Foundry	Total	Products	Foundry	Total
Revenues gross	158,253	17,843	176,096	174,724	12,622	187,346
Eliminations of inter-segment revenues	0	0	0	- 230	- 324	- 555
Consolidated revenues	158,253	17,843	176,096	174,493	12,298	186,791
Research & development	33,862	1,068	34,930	27,934	957	28,891
Result from operations	26,683	5,174	31,857	38,459	2,401	40,860
Segment assets	317,331	4,542	321,873	291,502	3,195	294,698

Reconciliation of segment results to income statement

EUR thousands	1st half 2013	1st half 2012
Result from operations per segment reporting	31,857	40,860
Result from investments in associates	- 1,835	159
Depreciation from Purchase Price Allocation	- 5,057	- 4,370
Subsidies for research and development	1,949	2,415
Unallocated corporate costs	- 7,309	574
Result from operations	19,606	39,639
Financial result	- 137	- 811
Result before tax	19,469	38,828

Reconciliation of segment assets to total assets

EUR thousands	1st half 2013	1st half 2012
Assets per segment reporting	321,873	294,698
Property, plant and equipment	129,180	104,327
Inventories	45,793	62,913
Cash, cash equivalents and financial assets	76,008	58,689
Deferred tax asset	32,831	32,223
Investments in associates	4,765	6,623
Intangible assets	7,576	5,442
Other assets	20,119	16,807
	638,145	581,721

Revenues per geographical segments

EUR thousands	1st half 2013	1st half 2012
EMEA ²⁾	60,067	62,553
Americas	11,917	8,328
Asia/Pacific	104,112	115,910
	176,096	186,791

²⁾ Europe, Middle East, Africa

Long term assets per geographical segments

EUR thousands	1st half 2013	1st half 2012
Austria	378,234	329,094
USA	12,091	13,780
Philippines	13,396	4,740
Other countries	1,357	359
	405,077	347,972

Revenues per operation

EUR thousands	1st half 2013	1st half 2012
Revenues from production	168,814	177,850
Revenues from research and development projects	7,283	8,941
	176,096	186,791

Segment information is presented on the basis of the internal reporting structure for the segments “Products” and “Foundry”. The Segment “Products” comprises the development and distribution of analog Integrated Circuits (“ICs”). The segment’s customers are mainly in the Consumer, Communications, Industrial, Medical and Automotive markets. In the “Foundry” segment we report the contract manufacturing of analog/mixed signal ICs based on our customers’ designs.

The geographic segments are structured by the three regions in which sales occur: “EMEA” (Europe, Middle East and Africa), “Americas“, and “Asia/Pacific”.

All segment information is based on IFRS valuation and accounting principles.

The segment “Foundry” contains no unallocated cost and income items, reflecting the internal reporting structure. Unallocated income and expense items are shown in the respective reconciliations of segment measures to the interim financial statements. In addition, process development costs are allocated to the operating segments based on usage. According to the internal reporting structure, the production areas do not represent a separate segment. The services rendered by these areas to the segments are therefore not shown as intersegment revenues.

The segment measure “Result from operations” consists of gross profit, expenses for research and development, expenses for selling, general & administrative as well as other operating income and expenses.

The segment assets in principle comprise the allocable assets, i.e. customer receivables as well as segment specific tangible and intangible assets.

The reconciliations comprise items which by definition are not part of the segments.

3. Number of employees

The average number of employees was 1,379 during the first half of 2013, compared to 1,256 during the first half of 2012.

4. Seasonality, economic cycles

In the past, the results varied from quarter to quarter. It is expected that these variations will continue in the future.

Half Year Report 2013



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