

# Half Year Report 2015

Key figures EUR thousands (except earnings per share)	Q2 2015	Q2 2014	Q1 2015	1st Half 2015	1st Half 2014
Revenues	169,545	106,305	153,346	322,891	192,600
Gross margin in % (excluding acquisition-related costs)	56%	57%	56%	56%	56%
Gross margin in % (including acquisition-related costs)	54%	55%	54%	54%	54%
Result from operations (excluding acquisition-related costs)	48,464	26,413	42,078	90,543	44,276
Result from operations (including acquisition-related costs)	44,571	23,981	38,248	82,819	39,410
Net result	41,767	22,205	42,240	84,007	36,900
Basic / diluted earnings per share in CHF <sup>1)</sup>	0.63 / 0.61	0.40 / 0.38 <sup>2)</sup>	0.65 / 0.62	1.28 / 1.23	0.66 / 0.63 <sup>2)</sup>
Basic / diluted earnings per share in EUR	0.61 / 0.58	0.33 / 0.31 <sup>2)</sup>	0.62 / 0.59	1.22 / 1.17	0.54 / 0.52 <sup>2)</sup>
Total backlog (excluding consignment stocks)	133,341	107,067	150,747	133,341	107,067

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

<sup>2)</sup> Earnings per share have been adjusted to reflect the share split of 1:5

**Second quarter results at high end of expectations; third quarter expected revenues of EUR 150-155 million at comparable gross margins; revenue target of EUR 1bn in 2019; Alexander Everke to become CEO of ams in March 2016; agreement with State of New York (USA) on construction of dedicated wafer fab for use by ams; acquisition of environmental CMOS sensor business from NXP**

Report to shareholders on the first half of 2015

## Ladies and Gentlemen

Our second quarter and first half results demonstrate the market success of our high performance sensor and analog solutions. We see continued positive momentum for our business and are implementing strategic initiatives to prepare for future growth.

## Financial results

Second quarter group revenues were EUR 169.5 million, the highest quarterly revenues in our history, up 11% sequentially compared to the first quarter and increasing 59% from EUR 106.3 million in the same quarter 2014. Group revenues for the first half of 2015 were EUR 322.9 million, increasing 68% from EUR 192.6 million recorded in the first half of 2014. On a constant currency basis, second quarter revenues were 36% higher compared to the second quarter last year and first half revenues were 44% higher compared to the first half of 2014.

In the second quarter, gross margin remained high at 56% excluding acquisition-related costs and 54% including acquisition-related costs, compared to 57% and 55% respectively, in the same quarter 2014. In the first half of 2015, gross margin was unchanged at 56% excluding acquisition-related costs and 54% including acquisition-related costs, from 56% and 54% respectively, in the first half of 2014.

The result from operations (EBIT) excluding acquisition-related costs for the second quarter was EUR 48.5 million or 29% of revenues, increasing by 84% from EUR 26.4 million in the same period 2014. The result from operations (EBIT) including acquisition-related costs for the second quarter was EUR 44.6 million or 26% of revenues, up 86% from EUR 24.0 million in the same period 2014. This increase includes a one-time positive effect from the sale of an investment as well as operational leverage effects. For the first half of 2015, the result from operations (EBIT) including acquisition-related costs was EUR 82.8 million, up 110% from EUR 39.4 million in the same period 2014.

The net result for the second quarter was EUR 41.8 million compared to EUR 22.2 million in the same period last year. Basic and diluted earnings per share were CHF 0.63/0.61 or EUR 0.61/0.58 based on 68,948,844/71,639,611 shares (basic/diluted; weighted average) compared to CHF 0.40/0.38 or EUR 0.33/0.31 for the second quarter 2014 based on 67,822,300/70,833,270 shares (basic/diluted; split-adjusted weighted average). The net profit for the first half year 2015 was EUR 84.0 million, equivalent to CHF 1.28/1.23 or EUR 1.22/1.17 per share (basic/diluted) based on 68,792,636/71,560,877 shares (basic/diluted; weighted average), compared to EUR 36.9 million, i.e. CHF 0.66/0.63 or

# Half Year Report 2015



EUR 0.54/0.52 per share (basic/diluted) based on 67,788,585/70,855,770 shares (basic/diluted; split-adjusted weighted average), for the same period last year.

Operating cash flow for the second quarter was EUR 30.1 million compared to EUR 33.9 million in the second quarter last year, while operating cash flow for the first half was EUR 74.4 million compared to EUR 48.2 million in the first half year 2014. Total backlog as of today (excluding consignment stock agreements) is above EUR 138 million while total backlog on June 30, 2015 (excluding consignment stock agreements) was EUR 133.3 million compared to EUR 150.7 million at the end of the first quarter and EUR 107.1 million on June 30, 2014.

## Business overview

ams' business performed strongly in the second quarter and first half of 2015 given robust worldwide demand for our high performance sensor and analog solutions.

Our consumer and communications business showed a very positive performance in the second quarter and first half, particularly driven by our light sensor, gesture sensor, and NFC product areas. Run rates of our portfolio of intelligent light sensors for leading consumer and smartphone OEMs continued at high levels in the second quarter including support for new devices. Our gesture sensor solution combining advanced gesture recognition with RGB color, proximity sensing and other functions in a minimized footprint is shipping into multiple device platforms in high volume. Other product lines also performed well supporting major device vendors' products while in audio solutions we expect further adoption of our low-power ANC noise cancellation technology in bundled in-box accessories.

We continued high volume shipments of our patented boosted NFC solution in the second quarter driven by the demand for smartphones and small mobile devices. Our technology ensures reliable transactions in space-constrained devices such as smartphones and wearables. We are strongly positioned in differentiated boosted NFC technology with a multi-year roadmap to exploit our technical advantages. We are pursuing multiple paths including strategic licensing to maximize the market and financial value of our proprietary NFC technology and have recently concluded a licensing agreement for mobile device boosted NFC technology with a strategic partner. We are seeing strong market traction for our NFC offering and expect NFC solutions to contribute meaningfully to our anticipated revenue and earnings growth over the coming years.

Our industrial, medical and automotive businesses posted attractive results in the second quarter and first half. The demand environment in our industrial end markets is benefitting our differentiated sensor and sensor interface solutions as leading industrial OEMs rely on ams to power high value industrial sensor applications. We are sampling first announced products in the emerging area of sensor-based LED lighting control for industrial applications. Our medical business performed well in the second quarter and first half focusing on digital imaging sensor solutions for advanced computed tomography (CT), digital X-ray and mammography. Here, we enable high quality diagnostics for high performance imaging systems. In our automotive business, good demand for our sensor and sensor interface solutions continued in the second quarter. We are well positioned in advanced driver assistance applications such as collision avoidance, magnetic and inductive position sensing, and battery management which align with major automotive trends. Our sensor and analog expertise helps

improve vehicle safety and comfort as sensor content in vehicles continues to expand. The specialty foundry business also contributed positively to our results in the first half.

Our strong pipeline of design and development projects points towards attractive growth potential in the coming years. We have therefore decided to introduce the strategic goal of EUR 1bn in revenues in 2019 built on organic expansion of our business. To leverage our capabilities long-term and beyond this goal, the Supervisory Board is pleased to announce that Alexander Everke will join ams' Management Board on October 1, 2015 as CEO designate with responsibility for corporate strategy, sales and marketing. On March 1, 2016, Alexander Everke will become CEO of ams. At this time, Kirk Laney will take on the new position of Chief Strategist Sensor Solutions for a minimum of 18 months, responsible for defining sensor solution roadmaps. He will work closely with the other Management Board members, particularly on M&A and strategic relationships.

Alexander Everke built extensive experience in all aspects of the semiconductor business including mixed signal and analog during his 24-year career in the semiconductor sector. Following a master diploma in Electrical Engineering and a degree in International Business, he spent 14 years at Siemens AG and Infineon Technologies AG in sales, marketing and senior management roles including VP Sales & Marketing for the Memory Products Division, SVP Global Sales, and General Manager Chip Card and Security ICs Business Unit. From 2006-2014, Alexander Everke held senior management positions at NXP Semiconductors including SVP & General Manager Business Line Power Management, EVP & General Manager Business Unit Multi Market Semiconductors, EVP & General Manager Business Unit High Performance Mixed Signal, and EVP & General Manager Business Unit Infrastructure and Industrial and was member of the NXP management team.

In this context, the Supervisory Board would like to emphasize Kirk Laney's outstanding contribution to the success of ams and continued strong leadership as ams is becoming a leading provider of sensor solutions. Kirk Laney has been instrumental in creating leading technology and significant growth opportunities for ams which will continue to shape the future of our company. The Supervisory Board has also extended the Management Board contract of Michael Wachslar-Markowitsch as CFO of ams until 2019.

Fast-forwarding our manufacturing strategy, we have entered into an agreement with the State of New York (USA) under which they will construct a new analog wafer fab to our specifications. The wafer fab's first buildout stage will offer capacity of at least 150k 200mm-wafer equivalents per year with a view to further expansion up to a total buildout potential of over 450k 200mm-wafer equivalents per year. Capable of 130nm and more advanced future manufacturing nodes, the new wafer fab will be located in Tech Valley, the largest technology region in the U.S. and home to other nanotechnology and semiconductor companies.

Under the agreement, we will rent the fully operational wafer fab for a period of 20 years for a nominal yearly amount and will only incur operating expenses on the wafers produced. This structure offers significant cost benefits as we will not be burdened with depreciation expenses for facility and equipment and therefore expect cost per wafer to be highly competitive. We expect the new wafer fab to become operational by the end of 2017 with volume production ramp immediately thereafter. As part of the project, we also plan to establish a design center at the Tech Valley location with a focus on

advanced wafer scale packaging. Together with our highly efficient 200mm wafer fab in Austria whose recent expansion shows our clear long-term commitment to this manufacturing location, the new wafer fab advances and strengthens ams' robust production model which includes outsourcing partnerships with major merchant providers.

We also completed a strategic transaction in the quarter acquiring the CMOS sensor business from NXP Semiconductors for an undisclosed amount. The acquisition of the CMOS sensor business based in Eindhoven (Netherlands) expands our environmental sensor portfolio with advanced monolithically integrated relative humidity, temperature, and pressure sensors and adds a fully developed product line with first shipments expected in the beginning of 2016. We see this as a disruptive technology given ultra-small form factors deploying chip-scale packaging (CSP), very low power consumption, outstanding analog accuracy and performance, and high cost-effectiveness. This attractive product line opens a large array of applications across mobile device/wearable, consumer, industrial, medical and automotive markets with significant revenue opportunities in the coming years. As part of the transaction, over 100 relevant patents were transferred or licensed to ams creating a substantial product and IP position in the growth market for CMOS-based environmental sensors. To integrate the CMOS sensor team of around 40 employees we recently opened a design center in the Netherlands.

In operations, the second capacity expansion step in our wafer fab in Austria was completed as planned. To support two significant new programs for mobile device/smartphone applications which we expect to ramp in 2016, we have decided to accelerate investments into additional fab equipment. We will also implement a further expansion of our test capacity for upcoming high volume requirements. Total capital expenditures for 2015 are therefore expected to reach EUR 75-80 million as we prepare to realize our growth plans in the coming years.

## **Outlook**

For the third quarter 2015, we expect revenues of EUR 150-155 million driven by ongoing business momentum in our consumer and non-consumer markets based on available information and current exchange rates. We anticipate continued high gross margin profitability in the third quarter with gross margins remaining on a comparable level quarter-on-quarter while operating profitability is expected to reflect revenue development and the addition of further R&D resources including the new CMOS sensor business.

We are confident about the strong revenue and earnings potential of our business, particularly when looking towards 2016 and beyond, based on available information. Our focus on high performance sensor solutions including new opportunities such as IP licensing drives a full design and development pipeline across the markets for smartphones, mobile devices, industrial, medical, and automotive systems. This pipeline offers significant opportunities for revenue and earnings growth on the way to our EUR 1bn revenue goal in 2019.

Unterpremstaetten, 27 July 2015

Kirk Laney, CEO

Michael Wachslar-Markowitsch, CFO

Thomas Stockmeier, COO



**Condensed Consolidated Interim  
Financial Statements  
as of June 30, 2015**

# Condensed Consolidated Interim Financial Statements

as of June 30, 2015



## Consolidated Income Statement

(unaudited)

EUR thousands (except earnings per share)	Q2 2015	1st Half 2015	Q2 2014	1st Half 2014
Revenue Products	157,635	300,419	95,486	172,294
Revenue Foundry & Other	11,910	22,472	10,819	20,306
<b>Total revenues</b>	<b>169,545</b>	<b>322,891</b>	<b>106,305</b>	<b>192,600</b>
Cost of sales	-77,233	-147,198	-48,204	-87,971
<b>Gross profit</b>	<b>92,311</b>	<b>175,693</b>	<b>58,102</b>	<b>104,630</b>
Gross margin in %	54%	54%	55%	54%
Research and development	-26,657	-50,344	-17,904	-34,355
Selling, general and administrative	-24,994	-47,795	-18,231	-34,220
Other operating income	1,727	3,434	2,173	3,655
Other operating expense	-45	-112	-56	-94
Result from investments in associates	2,227	1,943	-103	-205
<b>Result from operations</b>	<b>44,571</b>	<b>82,819</b>	<b>23,981</b>	<b>39,410</b>
Net financing result	585	7,355	-691	-765
<b>Result before tax</b>	<b>45,155</b>	<b>90,174</b>	<b>23,290</b>	<b>38,645</b>
Income tax result	-3,389	-6,167	-1,085	-1,745
<b>Net result</b>	<b>41,767</b>	<b>84,007</b>	<b>22,205</b>	<b>36,900</b>
Basic / diluted earnings per share in CHF <sup>1)</sup>	0.63 / 0.61	1.28 / 1.23	0.40 / 0.38 <sup>2)</sup>	0.66 / 0.63 <sup>2)</sup>
Basic / diluted earnings per share in EUR	0.61 / 0.58	1.22 / 1.17	0.33 / 0.31 <sup>2)</sup>	0.54 / 0.52 <sup>2)</sup>

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

<sup>2)</sup> Earnings per share have been adjusted to reflect the share split of 1:5

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## Statement of Comprehensive Income

(unaudited)

EUR thousands	Q2 2015	1st Half 2015	Q2 2014	1st Half 2014
Net result	41,767	84,007	22,205	36,900
Items that may be reclassified to profit and loss				
Translation adjustment	-11,144	13,022	2,797	2,430
Valuation of available for sale financial instruments	-704	-841	147	404
<b>Other comprehensive income</b>	<b>-11,848</b>	<b>12,181</b>	<b>2,944</b>	<b>2,833</b>
Total comprehensive income	29,919	96,188	25,149	39,733

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## Consolidated Balance Sheet

(unaudited)

EUR thousands	June 30, 2015	December 31, 2014
<b>Assets</b>		
Cash and cash equivalents	159,079	203,681
Financial assets	40,115	25,933
Trade receivables	101,559	78,992
Inventories	64,409	59,856
Other receivables and assets	16,766	18,286
<b>Total current assets</b>	<b>381,927</b>	<b>386,747</b>
Property, plant and equipment	233,364	204,096
Intangible assets	331,637	315,749
Investments in associates	1,559	6,549
Deferred tax assets	34,244	34,075
Other long-term assets	8,210	7,749
Total non-current assets	609,015	568,218
<b>Total assets</b>	<b>990,942</b>	<b>954,964</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Interest-bearing loans and borrowings	4,837	38,474
Trade liabilities	45,970	51,032
Provisions	42,692	37,615
Other liabilities	43,936	42,096
<b>Total current liabilities</b>	<b>137,435</b>	<b>169,217</b>
Interest-bearing loans and borrowings	148,926	146,138
Employee benefits	28,472	27,015
Provisions	29,869	27,125
Deferred tax liabilities	19,394	20,846
Other long-term liabilities	7,250	8,858
<b>Total non-current liabilities</b>	<b>233,911</b>	<b>229,983</b>
<b>Shareholders' equity</b>		
Issued capital	73,409	73,267
Additional paid-in capital	202,266	200,031
Treasury shares	-66,471	-54,533
Other reserves (translation adjustment)	51,140	38,119
Retained earnings	359,253	298,881
Total shareholders' equity and reserves	619,596	555,764
<b>Total liabilities and shareholders' equity</b>	<b>990,942</b>	<b>954,964</b>

# Condensed Consolidated Interim Financial Statements

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## Consolidated Statement of Cash Flows

(unaudited)

EUR thousands	Q2 2015	1st Half 2015	Q2 2014	1st Half 2014
<b>Operating activities</b>				
Result before tax	45,155	90,174	23,290	38,645
Depreciation (net of government grants)	12,039	23,894	8,750	17,219
Expense from stock option plan (acc. to IFRS 2)	722	1,445	810	1,620
Changes in other long-term liabilities	-3,533	-1,609	1,460	1,152
Result from sale of plant and equipment	-13	-26	9	-1
Result from sale of financial assets	-2,631	-2,631	0	170
Result from investments in associates	404	688	103	205
Net financing result	-585	-7,355	691	765
Change in inventories	-1,609	-4,553	-5,227	-9,891
Change in trade and other receivables	-11,157	-21,508	-3,867	-5,667
Change in trade and other payables	-636	4,582	7,767	3,136
Change in provisions and employee benefits	266	2,672	1,134	1,879
Change in deferred income	0	-1,139	-217	2,368
Tax Payments	-3,984	-8,093	-339	-2,687
Change in non-cash items resulting from foreign exchange translation	-4,341	-2,185	-451	-749
<b>Cash flows from operating activities</b>	<b>30,096</b>	<b>74,357</b>	<b>33,913</b>	<b>48,164</b>
<b>Investing activities</b>				
Acquisition of intangibles, property, plant and equipment	-20,143	-45,681	-16,992	-40,003
Acquisition of financial investments	-4,538	-19,560	-15,707	-15,860
Proceeds from sale of plant and equipment	49	63	1	11
Proceeds from the sale of financial assets	7,081	7,081	0	0
Interest received	845	615	335	567
<b>Cash flows from investing activities</b>	<b>-16,706</b>	<b>-57,483</b>	<b>-32,364</b>	<b>-55,285</b>
<b>Financing activities</b>				
Proceeds from borrowings	32,787	64,069	955	955
Repayment of debt	-33,691	-94,918	-383	-393
Repayment of finance lease liabilities	-321	-631	-256	-515
Acquisition of treasury shares	-13,733	-22,291	-11,088	-14,846
Sale of treasury shares	7,374	10,354	937	2,005
Interest paid	-720	-749	-501	-809
Expenses from financial instruments	3,628	-2,088	-1,007	-1,007
Dividends paid	-22,795	-22,795	-14,106	-14,106
Changes resulting from capital increase	423	932	1,235	2,618
<b>Cash flows from financing activities</b>	<b>-27,049</b>	<b>-68,118</b>	<b>-24,214</b>	<b>-26,099</b>
Net increase in cash and cash equivalents	-13,658	-51,243	-22,665	-33,220
Translation result of cash items	-2,097	6,642	327	373
Cash and cash equivalents at begin of period	174,834	203,681	72,849	83,358
<b>Cash and cash equivalents at end of period</b>	<b>159,079</b>	<b>159,079</b>	<b>50,512</b>	<b>50,512</b>

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## Changes in Equity

(unaudited)

EUR thousands	Issued capital	Additional paid-in capital	Treasury shares	Translation adjustment	Retained earnings	Total shareholders' equity
<b>Total equity as of January 1, 2014</b>	35,270	228,615	- 41,726	6,319	216,253	444,729
Net result	0	0	0	0	36,900	36,900
Valuation of available for sale financial instruments	0	0	0	0	404	404
Exchange differences on translating foreign operations	0	0	0	2,430	0	2,430
<b>Comprehensive income</b>	0	0	0	2,430	37,303	39,733
Share based payments	0	4,112	0	0	0	4,112
Dividend paid	0	0	0	0	-14,106	-14,106
Capital increase	126	0	0	0	0	126
Acquisition of treasury shares	0	0	-14,846	0	0	-14,846
Sale of treasury shares	0	0	2,005	0	0	2,005
<b>Total equity as of June 30, 2014</b>	35,395	232,726	-54,567	8,748	239,450	461,753
<b>Total equity as of January 1, 2015</b>	73,267	200,031	-54,533	38,119	298,881	555,764
Net result	0	0	0	0	84,007	84,007
Valuation of available for sale financial instruments	0	0	0	0	-841	-841
Exchange differences on translating foreign operations	0	0	0	13,022	0	13,022
<b>Comprehensive income</b>	0	0	0	13,022	83,166	96,188
Share based payments	0	2,234	0	0	0	2,234
Dividend paid	0	0	0	0	-22,795	-22,795
Capital increase	142	0	0	0	0	142
Acquisition of treasury shares	0	0	-22,291	0	0	-22,291
Sale of treasury shares	0	0	10,354	0	0	10,354
<b>Total equity as of June 30, 2015</b>	73,409	202,266	-66,471	51,140	359,253	619,596

# Condensed Consolidated Interim Financial Statements

as of June 30, 2015



## Selected notes on the Condensed Consolidated Interim Financial Statements as of June 30, 2015

(unaudited)

### 1. Basis of preparation

The condensed consolidated interim financial statements as of June 30, 2015 were prepared in accordance with IAS 34, as adopted by the European Union.

In line with IAS 34 (Interim Financial Reporting) the condensed consolidated interim financial statements do not include all information and disclosures that are required for a full set of financial statements.

### 2. Accounting policies

The accounting policies applied in this interim financial statement are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2014, except for new standards that are applicable to the current reporting period.

Newly applicable standards for the reporting period are:

IFRIC 21: Levies

IFRIC 21 is an interpretation that refers to IAS 37 Provisions, Contingent Assets and Contingent Liabilities. It provides a guidance on determining the obligating event under IAS 37 in connection with a levy imposed by government. It is clarified when to recognize a liability arising from a levy. First-time adoption of IFRIC 21 does not have any impact on the consolidated financial statements of the ams group.

Annual improvements (2011-2013 cycle)

During this project four standards were amended. Existing regulations should be clarified by adapting the wording of single IFRS standards. The amendments affected the standards IFRS 1, IFRS 3, IFRS 13 and IAS 40. The amendments have no impact on condensed consolidated interim financial statements.

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## 3. Segment reporting and revenues

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

The geographic regions are structured by the three regions in which sales occur: “EMEA” (Europe, Middle East and Africa), “Americas” and “Asia/Pacific”. In presenting information on the basis of geographical regions, segment revenue is based on the geographical billing location of customers. Revenues from one customer of the segment Products amount to EUR 65,895 thousand (1st half 2014: EUR 32,361 thousand). This customer is a distributor that serves different end customers.

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

The segment assets basically 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.

EUR thousands	1st half 2015			1st half 2014		
Business segments	Products	Foundry	Total	Products	Foundry	Total
<b>Consolidated revenues</b>	300,419	22,472	322,891	172,294	20,306	192,600
Research & development	44,120	917	45,037	30,395	909	31,305
Result from operations	71,853	6,501	78,354	45,081	6,502	51,584

EUR thousands	June 30, 2015			December 31, 2014		
Business segments	Products	Foundry	Total	Products	Foundry	Total
Segment assets	434,509	6,464	440,973	401,079	4,776	405,855

## Reconciliation of segment results to income statement

EUR thousands	1st half 2015	1st half 2014
<b>Result from operations per segment reporting</b>	78,354	51,584
Result from investments in associates	1,943	-205
Depreciation from Purchase Price Allocation	-7,724	-4,866
Subsidies for research and development	1,054	2,433
Unallocated corporate costs	9,191	-9,535
<b>Result from operations</b>	82,819	39,410
Financial result	7,355	-765
<b>Result before tax</b>	90,174	38,645

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## Reconciliation of segment assets to total assets

EUR thousands	June 30, 2015	Dec 31, 2014
Assets per segment reporting	440,973	405,855
Property, plant and equipment	210,132	182,893
Inventories	64,409	59,856
Cash, cash equivalents and financial assets	199,193	229,613
Deferred tax asset	34,244	34,075
Intangible assets	13,160	7,121
Investments in associates	1,559	6,549
Other assets	27,271	29,003
	990,942	954,964

## Revenues per geographical segments

EUR thousands	1st half 2015	1st half 2014
EMEA <sup>1)</sup>	100,170	91,462
Americas	11,889	8,988
Asia/Pacific	210,831	92,151
	322,891	192,600

1) Europe, Middle East, Africa

## Long term assets per geographical areas

EUR thousands	June 30, 2015	Dec 31, 2014
Austria	473,321	443,848
Switzerland	50,649	44,746
USA	20,845	15,265
Philippines	16,886	14,018
Other countries	3,300	1,967
	565,001	519,845

## 4. Business combinations

As of June 8, 2015 ams has acquired the CMOS sensor business from NXP B.V., Netherlands.

The acquisition of the CMOS sensor business based in Eindhoven (Netherlands) expands ams' environmental sensor portfolio with advanced monolithic and integrated CMOS sensors. The sensor solutions measure environmental variables such as relative humidity, pressure and temperature in one CMOS device. The product line (first shipments expected in the beginning of 2016) opens a large array of applications across mobile device/wearable, consumer, industrial, medical and automotive markets with significant revenue opportunities in the coming years. As part of the transaction, over 100 relevant patents were transferred to ams creating a substantial product and IP position in the growth market for monolithic and integrated CMOS environmental sensors. To integrate the CMOS sensor

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business team of around 40 employees, ams recently incorporated and established a new design center in Eindhoven, Netherlands (ams Netherlands B.V.)

The addition of the CMOS sensor business to ams' expertise in advanced sensor design underlines ams' evolution into a sensor solutions provider focused on industry-leading innovation and best-in-class performance.

The following table gives an overview of assets and liabilities and a breakdown of the consideration at the date of acquisition (June 2015):

EUR thousands	June 2015
Property, plant and equipment	1,107
Intangible assets	
Goodwill	1,443
Patents	5,296
Deferred tax	481
Short-term provisions	-121
Other short-term liabilities	-3,167
<b>Total consideration transferred</b>	<b>5,040</b>
thereof cash	5,040

Goodwill is essentially attributed to the abilities of the management and employees, the existing technologies as well as expected synergies deriving from the integration. The derivative goodwill is expected to be deductible for tax purposes.

Costs incurred in connection with the acquisition amounted to EUR 200 thousand in the fiscal year and were included in selling, general and administrative expenses. No issuance costs were incurred.

As first shipments of products are expected for the beginning of 2016, the new CMOS sensor business did neither contribute to sales nor to profit during the period between acquisition and June 30, 2015.

## 5. Number of employees

The average number of employees was 1,850 during the first half of 2015, compared to 1,565 during the first half of 2014.

## 6. Seasonality, economic cycles

In the past, results have varied from quarter to quarter as revenues are derived from a number of end markets which may display different seasonal demand patterns over the course of a calendar year. The company currently derives a substantial portion of its revenues from the consumer electronics market which has in the past displayed meaningful seasonality between quarters due to factors such as consumer acceptance of technologies, changes in buying behavior and seasonal demand before major holidays such as Christmas. In addition, general economic cycles may have an additional impact on demand for the company's products across end markets. As the net effect of the different factors mentioned above may differ from quarter to quarter and cannot be predicted, variations of the company's quarterly results will continue in the future.

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## 7. Related parties

Besides the setup of the new group company ams Netherlands B.V., there were no changes to the status of the Group's related parties.

## 8. Financial Instruments

Summary of financial instruments recorded on the balance sheet date as per June 30, 2015:

in thousands of EUR	Available for sale	Held for trading	Designated at fair value	Loans and liabilities	Cash	Carrying amount	Fair value
<b>Short-term financial assets</b>							
Cash and cash equivalents	0	0	0	0	159,079	159,079	159,079
Financial assets	39,905	210	0	0	0	40,115	40,115
Trade receivables	0	0	0	101,559	0	101,559	101,559
Other receivables and assets							
thereof financial assets	0	0	0	12,392	0	12,392	12,392
thereof non-financial assets						4,374	
<b>Long-term financial assets</b>							
thereof financial assets	1	0	7,422	788	0	8,210	8,210
thereof non-financial assets							
	<b>39,905</b>	<b>210</b>	<b>7,422</b>	<b>114,738</b>	<b>159,079</b>	<b>325,728</b>	<b>321,354</b>

in thousands of EUR	Fair value through P/L	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	4,837	4,837	5,071
Trade payables	0	45,970	45,970	45,970
Other liabilities				
thereof financial liabilities	11,070	8,281	19,351	19,351
thereof non-financial liabilities			24,584	
Interest bearing loans and borrowings	0	148,926	148,926	156,112
<b>Other long-term liabilities</b>				
thereof financial liabilities	4,885	2,347	7,232	7,232
thereof non-financial liabilities			18	
	<b>15,955</b>	<b>210,361</b>	<b>250,918</b>	<b>233,736</b>

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Summary of financial instruments recorded on the balance sheet date as per December 31, 2014:

in thousands of EUR	Available for sale	Held for trading	Designated at fair value	Loans and liabilities	Cash	Carrying amount	Fair value
<b>Short-term financial assets</b>							
Cash and cash equivalents	0	0	0	0	203,681	203,681	203,681
Financial assets	25,723	210	0	0	0	25,933	25,933
Trade receivables	0	0	0	78,992	0	78,992	78,992
Other receivables and assets							
thereof financial assets	0	0	0	14,741	0	14,741	14,741
thereof non-financial assets						3,545	
<b>Long-term financial assets</b>							
thereof financial assets	1	0	6,189	1,559	0	7,749	7,749
thereof non-financial assets							
	<b>25,723</b>	<b>210</b>	<b>6,189</b>	<b>95,292</b>	<b>203,681</b>	<b>334,640</b>	<b>331,095</b>

in thousands of EUR	Fair value through P/L	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	38,474	38,474	38,414
Trade payables	0	51,032	51,032	51,032
Other liabilities				
thereof financial liabilities	12,059	6,024	18,082	18,082
thereof non-financial liabilities			24,014	
Interest bearing loans and borrowings	0	146,138	146,138	145,909
<b>Other long-term liabilities</b>				
thereof financial liabilities	5,837	3,004	8,841	8,841
thereof non-financial liabilities			18	
	<b>17,896</b>	<b>244,672</b>	<b>286,599</b>	<b>262,277</b>

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June 30, 2015 in thousands of EUR	Level 1	Level 2	Level 3	Total
<b>Short-term financial assets</b>				
Financial assets	39,905	0	210	40,115
Other receivables and financial assets	0	0	0	0
<b>Long-term financial assets</b>				
Financial assets	0	8,210	0	8,210
Other receivables and financial assets	0	0	0	0
	<b>39,905</b>	<b>8,210</b>	<b>210</b>	<b>48,325</b>
<b>Short-term financial liabilities</b>				
Interest bearing loans	0	5,071	0	5,071
Other liabilities	0	0	11,070	11,070
<b>Long-term financial liabilities</b>				
Interest bearing loans	0	156,112	0	156,112
Other liabilities	0	0	4,885	4,885
	<b>0</b>	<b>161,183</b>	<b>15,955</b>	<b>177,138</b>

December 31, 2014 in thousands of EUR	Level 1	Level 2	Level 3	Total
<b>Short-term financial assets</b>				
Financial assets	25,723	0	210	25,933
Other receivables and financial assets	0	0	0	0
<b>Long-term financial assets</b>				
Financial assets	0	7,748	0	7,748
Other receivables and financial assets	0	0	0	0
	<b>25,722</b>	<b>7,748</b>	<b>210</b>	<b>33,681</b>
<b>Short-term financial liabilities</b>				
Interest bearing loans	0	38,414	0	38,414
Other liabilities	0	0	12,059	12,059
<b>Long-term financial liabilities</b>				
Interest bearing loans	0	145,909	0	145,909
Other liabilities	0	0	5,837	5,837
	<b>0</b>	<b>184,322</b>	<b>17,896</b>	<b>202,218</b>

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Current investments do also present the option value of a convertible loan granted by ams, The option entitles ams to require the conversion of the loan into shares of 25,01% of the borrower's company, This embedded derivate is measured at fair value through profit or loss. The valuation is done based on a Black Scholes model. Sole significant value-affecting parameter is the borrower's enterprise value. As of June 30, 2015 the option amounts to EUR 210 thousand (December 31, 2014: EUR 210 thousand).

Sensitivity analyses were carried out regarding the following important assumptions which the management considers to possibly change:

June 30, 2015 in thousands of EUR	Fair value	
	10% increase	10% decrease
<b>Parameter</b>		
Enterprise value (underlying)	259	166

Contingent purchase price liabilities follow from the acquisition of IDS doo (to date ams R&D doo) in 2012, ams has committed to pay EUR 6,055 thousand of performance related compensation to the seller until December 31, 2018. The purchase price liabilities comprise royalty-earn-out payments until 2016. The seller will receive royalties for products which are built upon IDS intellectual property. The royalty-earn-out tranche is based on ams' long-term revenue projections and amounts to EUR 1,696 thousand by June 30, 2015. Sole significant value-affecting parameter is forecast annual revenues.

The valuation is based on a Discounted Cashflow approach using an in line with maturity discount rate. EUR 4,359 thousand of the contingent liabilities account for call-options which are exercisable until December 31, 2018. These options entitle the seller to obtain a maximum of 225,000 ams shares. The execution is tied up with yearly as well as cumulative revenue targets of those products that again rely on IDS intellectual property. The valuation of these call-options is based on the Black Scholes model. Material value-affecting parameters are ams' long-term revenue plans as well as quotation and volatility of ams share at the valuation date.

Sensitivity analyses were carried out regarding the following important assumptions which the management considers to possibly change:

June 30, 2015 in thousands of EUR	Fair value	
	10% increase	10% decrease
<b>Royalty-Earn-Out</b>		
<b>Parameter</b>		
Forecast annual revenue	1,865	1,526
<b>Call Option</b>		
<b>Parameter</b>		
Forecast annual revenue <sup>1)</sup>	4,359	4,359
Share price	5,099	3,640
Volatility of shares	4,481	4,243

<sup>1)</sup> Parameter change does not affect release of additional options; therefore fair value remains unchanged

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Additional contingent purchase price liabilities follow from the acam-messelectronic gmbh acquisition in 2014, where ams has committed to pay EUR 9,900 thousand of performance related compensation to the seller. The purchase price liabilities comprise royalty-earn-out payments until 2018. Based on the long-term planning for a specific product the seller will receive royalties. The valuation is based on a Discounted Cashflow approach. Significant value-affecting parameters comprise ams' long-term revenue plans as well as the discount rate.

Sensitivity analyses were carried out regarding the following important assumptions which the management considers to possibly change:

June 30, 2015 in thousands of EUR	Fair value	
	10% increase	10% decrease
<b>Parameter</b>		
Forecast annual revenue	10,892	8,911
Discount Rate	9,607	10,211

The following table shows a reconciliation for the contingent liabilities:

in thousands of EUR	Contingent liabilities
<b>Balance as of January 1, 2015</b>	17,896
Utilization	-3,997
Gain included in „net financing result“	
Net change in fair value (unrealized)	2,055
<b>Balance as of June 30, 2015</b>	15,955

Financial Instruments designated at fair value are measured at their respective market value.

## 9. Property, plant & equipment

The Group acquired property plant and equipment amounting to EUR 39,515 thousand, mainly for expansion of test capacity and wafer fab capacity.

## 10. Intangible assets and goodwill

The Group has assessed whether there is an impairment trigger that would lead to an impairment. There was no indication for impairment.

## 11. Treasury shares

The group acquired a total of 564,873 treasury shares during the reporting period which amounted to EUR 21,758,302. 666,625 treasury shares have been sold to fulfill obligations of the Stock Option Plans.

# Condensed Consolidated Interim Financial Statements

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## 12. Dividends

On June 18, ams AG distributed a dividend of EUR 0.33 per share amounting to a total of EUR 22,794,668.16.

## 13. Share based payments

The annual general meeting approved that the share capital is conditionally increased in a manner that the share capital is increased up to EUR 5,000,000 by issuance of up to 5,000,000 no-par bearer shares (no-par value shares) for the purpose of granting stock options to employees, officers and directors of the Company and any company affiliated within the scope of the Performance Stock Unit Plan (PSP) 2014-2019.

## 14. Subsequent events

ams has entered into an agreement with the State of New York (USA) under which they will construct a new analog wafer fab to ams' specifications.



**ams AG**

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