

# Half Year Report 2016

Key figures EUR thousands (except earnings per share)	Q2 2016	Q2 2015	Q1 2016	1st Half 2016	1st Half 2015
Revenues	132,405	169,545	137,217	269,622	322,891
Gross margin in % (adjusted – see footnote 1)	56%	56%	57%	57%	56%
Result from operations (adjusted – see footnote 1)	24,429	49,000	28,156	52,585	91,988
Operating margin in % (adjusted – see footnote 1)	18%	29%	21%	20%	29%
Net result	19,644	41,767	13,595	33,239	84,007
Basic / diluted earnings per share in CHF <sup>2)</sup>	0.32 / 0.31	0.63 / 0.61	0.22 / 0.21	0.53 / 0.52	1.28 / 1.23
Basic / diluted earnings per share in EUR	0.29 / 0.28	0.61 / 0.58	0.20 / 0.19	0.49 / 0.47	1.22 / 1.17
Total backlog (excluding consignment stocks)	146,633	133,341	126,172	146,633	133,341

<sup>1)</sup> Excluding acquisition-related and share-based compensation costs

<sup>2)</sup> Earnings per share in CHF were converted using the average currency exchange rate for the respective periods.

**Second quarter revenues in upper half of guidance range reflect demanding market environment; third quarter expected revenues show sequential growth at improved operating margin; acquisition of CCMOSS completed creating global leader in gas and infrared sensing; smaller acquisition in color and spectral sensing focused on industrial and medical markets**

Report to shareholders on the first half of 2016

**Ladies and Gentlemen**

Our second quarter and first half results reflect the strengths of our high quality sensor and analog business in a demanding market environment as restrained overall consumer demand continued in the second quarter. We see positive momentum and a sequential revenue increase in the second half of the year and are preparing for significant growth in the coming years.

**Financial results**

Second quarter group revenues were EUR 132.4 million, down 4% sequentially compared to the first quarter and decreasing 22% from EUR 169.5 million in the same quarter 2015. Group revenues for the first half of 2016 were EUR 269.6 million, down 17% compared to EUR 322.9 million recorded in the first half of 2015. On a constant currency basis, second quarter revenues were 20% lower compared to the second quarter last year with first half revenues 16% lower compared to the first half of 2015.

In the second quarter, adjusted gross margin (excluding acquisition-related and share-based compensation costs) remained high at 56% with IFRS reported gross margin (including acquisition-related and share-based compensation costs) at 53%, compared to 56% and 54% respectively, in the same quarter 2015. In the first half of 2016, adjusted gross margin (excluding acquisition-related and share-based compensation costs) stood at 57% and IFRS reported gross margin (including acquisition-related and share-based compensation costs) at 54%, compared to 56% and 54% respectively, in the first half of 2015.

The adjusted result from operations (EBIT) (excluding acquisition-related and share-based compensation costs) for the second quarter was EUR 24.4 million or 18% of revenues in line with previous expectations, decreasing from EUR 49.0 million in the same period 2015. The IFRS reported result from operations (EBIT) (including acquisition-related and share-based compensation costs) for the second quarter was EUR 16.7 million or 13% of revenues, down from EUR 44.6 million in the same period 2015. This expected decrease reflects negative operational leverage effects from lower revenues as well as a higher run rate of R&D expenses for future programs. For the first half of 2016, the adjusted EBIT (excluding acquisition-related and share-based compensation costs) was EUR 52.6 million, down from EUR 92.0 million in the same period 2015, and the IFRS reported EBIT (including acquisition-related and share-based compensation costs) was EUR 36.4 million, down from EUR 82.8 million in the first half year 2015.

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The net result for the second quarter was EUR 19.6 million compared to EUR 41.8 million in the same period last year. Basic and diluted earnings per share were CHF 0.32/0.31 or EUR 0.29/0.28 based on 68,085,043/70,016,054 shares (basic/diluted; weighted average) compared to CHF 0.63/0.61 or EUR 0.61/0.58 for the second quarter 2015 based on 68,948,844/71,639,611 shares (basic/diluted; weighted average). The net profit for the first half year 2016 was EUR 33.2 million, equivalent to CHF 0.53/0.52 or EUR 0.49/0.47 per share (basic/diluted) based on 68,321,871/70,388,158 shares (basic/diluted; weighted average), compared to EUR 84.0 million, i.e. 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), for the same period last year.

Operating cash flow for the second quarter was EUR 7.3 million compared to EUR 33.7 million in the second quarter last year, while operating cash flow for the first half was EUR 14.8 million compared to EUR 72.3 million in the first half year 2015. Total backlog on June 30, 2016 (excluding consignment stock agreements) was EUR 146.6 million compared to EUR 126.2 million at the end of the first quarter and EUR 133.3 million on June 30, 2015.

## Business overview

Our business performed to expectations in a more demanding market environment in the second quarter and first half of 2016, particularly in the consumer and smartphone markets. Our results demonstrate the advantages of our model and the attractiveness of our balanced portfolio of consumer and non-consumer businesses.

Our consumer and communications business showed a solid performance in the second quarter and first half despite a challenging situation in the consumer market which continued in the second quarter. The development of the business was again driven by our range of high performance light sensor solutions. Run rates for our portfolio of intelligent light sensors at leading consumer and smartphone OEMs remained high but were in total lower year-on-year, in line with expectations. This included ambient light sensing solutions, combination modules, and highly-integrated multi-function modules for high volume mobile device platforms.

We are seeing traction for our next generation of mobile device light sensors with smaller volume shipments already underway. Other product lines that we ship into major device vendors' products continued to support the performance of our consumer business. Our audio business performed well in the first half of the year and we have identified significant opportunities for our ANC noise cancellation solution targeting high volume in-box smartphone accessories.

Our industrial, medical, and automotive businesses performed to expectations in the second quarter and first half. We are a key supplier to a broad base of industrial OEMs globally where we enable a wide range of high value industrial sensor applications through our differentiated sensor and sensor interface solutions. Demand patterns in some of our industrial end markets appear less consistent as our customers experience end market and macroeconomic uncertainty. At the same time, environmental sensor design-in efforts remain on track.

In our medical business we again recorded attractive results driven by digital imaging sensor solutions for advanced computed tomography (CT), digital X-ray, and mammography where we offer diagnostic

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benefits to global OEMs. Focused on differentiated sensor and sensor interface solutions, our automotive business continued to perform to expectations in the second quarter. Our automotive sensor and analog expertise aligns with major automotive trends and supports sensor-driven applications including advanced driver assistance, position sensing, and level and chassis control. Our specialty analog foundry business also contributed attractively to our results in the first half.

In the second quarter, we completed the acquisition of Cambridge CMOS Sensors Ltd (CCMOSS), the technology leader in micro hotplate structures for gas and infrared sensing, which makes ams the clear leader in gas and infrared sensor technology worldwide. CCMOSS' gas sensing MEMS structures on CMOS wafers allow the creation of complete monolithically integrated CMOS sensor ICs that offer high cost-efficiency, low power consumption, small footprint and the ability to integrate additional sensor modalities like relative humidity, temperature, and pressure. CCMOSS' hotplate expertise is highly synergetic with our technology leadership in MOX gas sensing materials to detect gases like CO, NOx, and VOCs for volume applications in the automotive, industrial, medical, and consumer markets.

CCMOSS additionally offers industry-leading IR technology comprising high performance IR radiation sources and detectors. Fully complementary to our spectral sensing strategy for next generation optical sensor technologies, this portfolio enables miniaturized sensor implementations and efficient integration for applications including CO2 gas sensing and human presence detection. CCMOSS, which was founded in 2008 and is located in Cambridge, UK, with 33 employees, strongly enhances our portfolio of products and technologies for the environmental sensor market and creates substantial growth opportunities in the coming years.

We also concluded a smaller strategic transaction recently acquiring the color and spectral sensing systems specialist MAZeT GmbH for an undisclosed amount in cash. Focused on industrial and medical applications, MAZeT offers very strong system and application know-how in advanced color and spectral sensing and outstanding optical engineering expertise. MAZeT's capabilities include IC and filter design as well as hardware and software system development with current applications including airplane interior lighting, agricultural sensors, and medical skin lesion analysis. The company also has a legacy business acting as module supplier to its previous industrial shareholders. Based in Jena, Germany, which is a global center of excellence in optical technologies, MAZeT is profitable and has around 80 employees. The addition of MAZeT complements our existing strengths in emerging optical sensor technologies and creates exciting new product and application opportunities for spectral sensing in the automotive, industrial, and medical end markets.

In operations, we are realizing further accelerated investments in optical filter deposition equipment to prepare for the expected customer uptake of latest generation light sensor products and are implementing investments for other equipment to support upcoming revenue opportunities from our pipeline. Based on current information, total capital expenditures for 2016 are now expected above EUR 80 million to support these capacity needs.

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## Outlook

For the third quarter 2016, we see positive momentum in our consumer business resulting in quarter-on-quarter revenue growth for ams while demand and macroeconomic uncertainties in other end markets continue. Based on available information and a current USD/EUR exchange rate of 1.10, we expect third quarter revenues to grow sequentially to EUR 146-153 million. At the same time, we anticipate attractive gross margin profitability to continue in the third quarter. Adjusted gross margin (excluding acquisition-based and share-based compensation costs) is expected at a stable or slightly lower level than for the second quarter reflecting the expected business mix. The adjusted operating margin for the third quarter (excluding acquisition-based and share-based compensation costs) is expected to show a sequential improvement to around 18-20%.

Particularly looking towards 2017 and beyond, we confirm our strong and expanded revenue and development pipeline which fully supports our growth plans for the coming years, based on available information.

Premstaetten, July 25, 2016

Alexander Everke, CEO  
Thomas Stockmeier, COO

Michael Wachsler-Markowitsch, CFO  
Kirk Laney, Chief Strategist Sensor Solutions



**Condensed Consolidated Interim  
Financial Statements as of  
June 30, 2016**

## Consolidated Income Statement

(unaudited)

EUR thousands (except earnings per share)	Q2 2016	1st Half 2016	Q2 2015	1st Half 2015
Revenue Products	120,462	247,989	157,635	300,419
Revenue Foundry & Other	11,944	21,633	11,910	22,472
<b>Total revenues</b>	<b>132,405</b>	<b>269,622</b>	<b>169,545</b>	<b>322,891</b>
Cost of sales	-61,713	-125,008	-77,233	-147,198
<b>Gross profit</b>	<b>70,692</b>	<b>144,614</b>	<b>92,311</b>	<b>175,693</b>
Gross margin in %	53%	54%	54%	54%
Research and development	-32,278	-65,228	-26,657	-50,344
Selling, general and administrative	-25,274	-48,793	-24,994	-47,795
Other operating income	2,235	4,423	1,727	3,434
Other operating expense	-107	-166	-45	-112
Result from investments in associates	1,412	1,547	2,227	1,943
<b>Result from operations</b>	<b>16,681</b>	<b>36,398</b>	<b>44,571</b>	<b>82,819</b>
Net financing result	4,168	-1,182	585	7,355
<b>Result before tax</b>	<b>20,849</b>	<b>35,215</b>	<b>45,155</b>	<b>90,174</b>
Income tax result	-1,205	-1,976	-3,389	-6,167
<b>Net result</b>	<b>19,644</b>	<b>33,239</b>	<b>41,767</b>	<b>84,007</b>
Basic / diluted earnings per share in CHF <sup>1)</sup>	0.32 / 0.31	0.53 / 0.52	0.63 / 0.61	1.28 / 1.23
Basic / diluted earnings per share in EUR	0.29 / 0.28	0.49 / 0.47	0.61 / 0.58	1.22 / 1.17

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

## Statement of Comprehensive Income

(unaudited)

EUR thousands	Q2 2016	1st Half 2016	Q2 2015	1st Half 2015
Net result	19,644	33,239	41,767	84,007
Items that may be reclassified to profit and loss				
Translation adjustment	649	-7,955	-11,144	13,022
Valuation of available for sale financial instruments	-49	525	-704	-841
<b>Other comprehensive income</b>	600	-7,430	-11,848	12,181
<b>Total comprehensive income</b>	20,244	25,809	29,919	96,188



## Consolidated Balance Sheet

(unaudited)

EUR thousands	June 30, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	29,672	103,579
Financial assets	35,873	40,321
Trade receivables	98,946	88,734
Inventories	82,093	79,752
Other receivables and assets	35,415	28,663
<b>Total current assets</b>	<b>281,999</b>	<b>341,049</b>
Property, plant and equipment	274,369	256,631
Intangible assets	644,670	582,022
Investments in associates	1,997	1,876
Deferred tax assets	34,847	34,824
Other long-term assets	7,571	6,979
Total non-current assets	963,455	882,332
<b>Total assets</b>	<b>1,245,454</b>	<b>1,223,381</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Interest-bearing loans and borrowings	96,802	74,961
Trade liabilities	36,616	58,590
Tax liabilities	41,558	46,333
Provisions	28,600	34,747
Other liabilities	29,136	30,972
<b>Total current liabilities</b>	<b>232,711</b>	<b>245,603</b>
Interest-bearing loans and borrowings	248,738	200,223
Employee benefits	33,664	32,449
Deferred tax liabilities	60,250	57,890
Other long-term liabilities	37,632	6,008
<b>Total non-current liabilities</b>	<b>380,284</b>	<b>296,569</b>
<b>Shareholders' equity</b>		
Issued capital	73,409	73,409
Additional paid-in capital	206,688	203,785
Treasury shares	-120,499	-77,612
Other reserves (translation adjustment)	52,333	60,288
Retained earnings	420,528	421,339
Total shareholders' equity and reserves	632,459	681,209
<b>Total liabilities and shareholders' equity</b>	<b>1,245,454</b>	<b>1,223,381</b>

## Consolidated Statement of Cash Flows

(unaudited)

EUR thousands	Q2 2016	1st Half 2016	Q2 2015	1st Half 2015
<b>Operating activities</b>				
Result before tax	20,849	35,215	45,155	90,174
Depreciation (net of government grants)	15,385	30,494	12,039	23,894
Expense from stock option plan (acc. to IFRS 2)	1,601	3,003	722	1,445
Changes in other long-term liabilities	-48	-161	-3,533	-1,609
Result from sale of plant and equipment	-8	-19	-13	-26
Result from sale of financial assets	0	0	-2,631	-2,631
Result from investments in associates	-1,412	-1,547	404	688
Net financing result	-4,168	1,185	-585	-7,355
Change in inventories	-1,802	-2,248	-2,823	-5,164
Change in trade and other receivables	-8,874	-16,085	-17,308	-24,604
Change in trade and other payables	-6,331	-21,932	4,699	3,354
Change in provisions and employee benefits	-4,595	-4,988	1,574	3,330
Change in deferred income	-152	1,814	7	-1,135
Tax Payments	-3,112	-9,899	-3,984	-8,093
<b>Cash flows from operating activities</b>	<b>7,333</b>	<b>14,831</b>	<b>33,724</b>	<b>72,270</b>
<b>Investing activities</b>				
Acquisition of intangibles, property, plant and equipment	-22,980	-44,838	-20,143	-45,681
Acquisition of subsidiaries, net of cash acquired	-37,747	-37,747	-4,538	-4,538
Acquisition of financial investments	0	-5,008	0	-15,023
Proceeds from sale of plant and equipment	10	32	49	63
Proceeds from the sale of financial assets	0	10,000	7,081	7,081
Interest received	257	645	845	615
<b>Cash flows from investing activities</b>	<b>-60,460</b>	<b>-76,916</b>	<b>-16,706</b>	<b>-57,483</b>
<b>Financing activities</b>				
Proceeds from borrowings	29,451	75,312	32,787	64,069
Repayment of debt	-383	-4,962	-33,691	-94,918
Repayment of finance lease liabilities	-40	-80	-321	-631
Acquisition of treasury shares	-34,028	-47,065	-13,733	-22,291
Sale of treasury shares	2,319	4,178	7,374	10,354
Interest paid	-1,114	-1,884	-720	-749
Dividends paid	-34,575	-34,575	-22,795	-22,795
Changes resulting from capital increase	0	0	423	932
<b>Cash flows from financing activities</b>	<b>-38,370</b>	<b>-9,076</b>	<b>-30,676</b>	<b>-66,030</b>
Net increase in cash and cash equivalents	-91,497	-71,160	-13,658	-51,243
Translation result of cash items	2,081	-2,746	-2,097	6,642
Cash and cash equivalents at begin of period	119,089	103,579	174,834	203,681
<b>Cash and cash equivalents at end of period</b>	<b>29,672</b>	<b>29,672</b>	<b>159,079</b>	<b>159,079</b>

## 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, 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
<b>Total equity as of January 1, 2016</b>	73,409	203,785	-77,612	60,288	421,339	681,209
Net result	0	0	0	0	33,239	33,239
Valuation of available for sale financial instruments	0	0	0	0	525	525
Exchange differences on translating foreign operations	0	0	0	-7,955	0	-7,955
<b>Comprehensive income</b>	0	0	0	-7,955	33,764	25,809
Share based payments	0	2,903	0	0	0	2,903
Dividend paid	0	0	0	0	-34,575	-34,575
Capital increase	0	0	0	0	0	0
Acquisition of treasury shares	0	0	-47,840	0	0	-47,840
Sale of treasury shares	0	0	4,953	0	0	4,953
<b>Total equity as of June 30, 2016</b>	73,409	206,688	-120,499	52,333	420,528	632,459

## **Selected notes on the Condensed Consolidated Interim Financial Statements as of June 30, 2016**

(unaudited)

### **1. Basis of preparation**

The condensed consolidated interim financial statements as of June 30, 2016 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, 2015, except for new standards that are applicable to the current reporting period.

Newly applicable standards for the reporting period are:

IFRS 10 & 12, IAS 28 – Amendments Investment Entities: Applying the consolidation exception (not endorsed by the EU)

IFRS 11 – Amendment for Acquisitions of Interests in Joint Operations

IAS 1 – Amendments Disclosure Initiative

IAS 16, IAS 38 – Amendments Clarification of Acceptable Methods of Depreciation and Amortization

IAS 27 – Amendment Equity Method in Separate Financial Statements

The amendments have no material impact on condensed consolidated interim financial statements.

Annual improvements (2012-2014 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 5, IFRS 7, IAS 19, and IAS 34. The amendments have no material impact on condensed consolidated interim financial statements.

### 3. Segment reporting and revenues

Segment information is presented on the basis of the internal reporting structure for the segments “Products” and “Foundry” are 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 40,587 thousand (1st half 2015: EUR 65,895 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 2016			1st half 2015		
Business segments	Products	Foundry	Total	Products	Foundry	Total
<b>Consolidated revenues</b>	247,989	21,633	269,622	300,419	22,472	322,891
Research & development	59,536	1,545	61,080	44,120	917	45,037
Result from operations	43,779	7,318	51,097	71,853	6,501	78,354

EUR thousands	June 30, 2016			December 31, 2015		
Business segments	Products	Foundry	Total	Products	Foundry	Total
Segment assets	732,729	5,935	738,664	668,634	5,639	674,273

### Reconciliation of segment results to income statement

EUR thousands	1st half 2016	1st half 2015
<b>Result from operations per segment reporting</b>	51,097	78,354
Result from investments in associates	1,547	1,943
Depreciation from Purchase Price Allocation	-13,185	-7,724
Subsidies for research and development	2,010	1,054
Unallocated corporate costs	-5,071	9,191
<b>Result from operations</b>	36,398	82,819
Financial result	-1,182	7,355
<b>Result before tax</b>	35,215	90,174

## Reconciliation of segment assets to total assets

EUR thousands	June 30, 2016	Dec 31, 2015
Assets per segment reporting	738,664	674,273
Property, plant and equipment	258,700	241,182
Inventories	82,093	79,752
Cash, cash equivalents and financial assets	65,546	143,901
Deferred tax asset	34,847	34,824
Intangible assets	17,319	11,933
Investments in associates	1,997	1,876
Other assets	46,288	35,641
	1,245,454	1,223,381

## Revenues per geographical segments

EUR thousands	1st half 2016	1st half 2015
EMEA <sup>1)</sup>	99,343	100,170
Americas	14,997	11,889
Asia/Pacific	155,282	210,831
	269,622	322,891

1) Europe, Middle East, Africa

## Revenues per countries

EUR thousands	1st half 2016	1st half 2015
Hongkong	51,405	70,342
Germany	48,405	37,937
Taiwan	44,168	77,958
China	20,005	21,372
United Kingdom	13,761	28,568
Austria	716	526
Rest of the world	91,163	86,189
	269,622	322,891

## Long term assets per geographical areas

EUR thousands	June 30, 2016	Dec 31, 2015
Austria	744,733	740,734
Switzerland	126,841	50,090
Philippines	22,343	22,981
USA	16,260	17,406
Belgium	3,418	3,282
Other countries	5,445	4,159
	919,040	838,653

### 4. Business combinations

On June 17, 2016 the Group obtained control over Cambridge CMOS Sensors Ltd, Great Britain (CCMOSS).

CCMOSS, headquartered in Cambridge (Great Britain), is the technology leader in micro-hotplate structures for gas sensing and infrared applications. CCMOSS was founded in 2008 as a spin-off from Cambridge University, and has more than 30 employees. CCMOSS' micro hotplates are MEMS structures that are used in gas sensors for volume applications in the automotive, industrial, medical, and consumer markets. The company's deep expertise in this area is highly synergetic with ams' technology leadership in MOX gas sensing materials to detect gases like CO, NOx, and VOCs. In addition, CCMOSS commands an industry-leading portfolio of IR technology comprising high performance IR radiation sources and detectors for sensor applications. Highly complementary to ams' spectral sensing strategy for next generation optical sensor technologies, CCMOSS' IR sensing is based on the same monolithic CMOS structures as for gas sensing, enabling miniaturized implementations and efficient integration with other on-chip functions. Applications include CO2 gas sensing and human presence detection and will extend into spectroscopic identification of organic materials.

CCMOSS enhances ams' know-how in sensor design and emphasizes ams' development into a sensor solutions provider that combines market leading innovation with an outstanding product portfolio.

The following table gives an overview of assets and liabilities and a breakdown of the consideration at the date of acquisition (June 17, 2016):

EUR thousands	June 2016
Cash and cash equivalents	794
Property, plant and equipment	608
Trade receivables	74
Inventories	43
Other receivables and assets	933
Intangible assets	
Patents	9,333
Goodwill	61,423
Trade liabilities	-112
Current provisions	-18
Other current liabilities	-753
Other long-term liabilities	-15
Deferred tax liabilities	-1,998
<b>Total consideration transferred</b>	<b>70,312</b>
thereof cash	38,542
thereof incurred liabilities	770
thereof contingent purchase price components	31,000

Due to the short term between the date of acquisition and balance sheet date recognition and measurement of assets and liabilities have been done on a provisional basis.

Goodwill is essentially attributed to the abilities of the management and employees, existing technologies as well as expected synergies deriving from the integration. No portion of the goodwill is expected to be deductible for tax purposes.

Costs that relate directly to the acquisition were approximately EUR 0.3 million in the business year and were allocated in the item "Selling, general and administrative costs".

During the period of time between the date of acquisition and June 30, 2016 CCMOSS neither contributed essentially to the consolidated revenues nor essentially to the consolidated net result.

## 5. Number of employees

The average number of employees was 2,129 during the first half of 2016, compared to 1,850 during the first half of 2015.

## 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.

## 7. Related parties

Besides the acquisition of CCMOSS, 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, 2016:

EUR thousands	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	29,672	29,672	29,672
Financial assets	35,613	260	0	0	0	35,873	35,873
Trade receivables	0	0	0	98,946	0	98,946	98,946
Other receivables and assets							
thereof financial assets	0	0	0	16,781	0	16,781	16,781
thereof non-financial assets	0	0	0	0	0	18,634	0
<b>Long-term financial assets</b>							
thereof financial assets	1	0	6,973	597	0	7,571	7,571
thereof non-financial assets	0	0	0	0	0	0	0
	<b>35,614</b>	<b>260</b>	<b>6,973</b>	<b>116,324</b>	<b>29,672</b>	<b>207,477</b>	<b>188,844</b>

EUR thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	96,802	96,802	96,731
Trade payables	0	36,616	36,616	36,616
Other liabilities				
thereof financial liabilities	241	4,758	4,999	4,999
thereof non-financial liabilities	0	0	24,136	0
<b>Long-term liabilities</b>				
Interest bearing loans and borrowings	0	248,738	248,738	248,555
Other long-term liabilities				
thereof financial liabilities	31,000	5,695	36,695	36,695
thereof non-financial liabilities	0	0	938	0
	<b>31,241</b>	<b>392,607</b>	<b>448,923</b>	<b>423,595</b>

Summary of financial instruments recorded on the balance sheet date as per December 31, 2015:

EUR thousands	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	103,579	103,579	103,579
Financial assets	40,061	261	0	0	0	40,321	40,321
Trade receivables	0	0	0	88,734	0	88,734	88,734
Other receivables and assets							
thereof financial assets	0	0	0	22,920	0	22,920	22,920
thereof non-financial assets	0	0	0	0	0	5,743	0
<b>Long-term financial assets</b>							
thereof financial assets	1	0	6,382	597	0	6,979	6,979
thereof non-financial assets	0	0	0	0	0	0	0
	<b>40,061</b>	<b>261</b>	<b>6,382</b>	<b>112,251</b>	<b>103,579</b>	<b>268,277</b>	<b>262,534</b>

EUR thousands	Fair value through P/L	At amortized cost	Carrying amount	Fair value
<b>Short-term financial liabilities</b>				
Interest bearing loans and borrowings	0	74,961	74,961	74,910
Trade payables	0	58,590	58,590	58,590
Other liabilities				
thereof financial liabilities	1,640	6,627	8,267	8,267
thereof non-financial liabilities	0	0	24,495	0
<b>Long term liabilities</b>				
Interest bearing loans and borrowings	0	200,223	200,223	200,086
Other long-term liabilities				
thereof financial liabilities	0	5,188	5,188	5,188
thereof non-financial liabilities	0	0	820	0
	<b>1,640</b>	<b>345,589</b>	<b>370,754</b>	<b>345,251</b>

June 30, 2016 EUR thousands	Level 1	Level 2	Level 3	Total
<b>Short-term financial assets</b>				
Financial assets	35,613	0	260	35,873
Other receivables and financial assets	0	0	0	0
<b>Long-term financial assets</b>				
Financial assets	0	7,570	0	7,570
Other receivables and financial assets	0	83	0	83
	<b>35,613</b>	<b>7,653</b>	<b>260</b>	<b>43,527</b>
<b>Short-term financial liabilities</b>				
Interest bearing loans	0	96,731	0	96,731
Other liabilities	0	0	241	241
<b>Long-term financial liabilities</b>				
Interest bearing loans	0	248,555	0	248,555
Other liabilities	0	0	31,000	31,000
	<b>0</b>	<b>345,286</b>	<b>31,241</b>	<b>376,527</b>

December 31, 2015 EUR thousands	Level 1	Level 2	Level 3	Total
<b>Short-term financial assets</b>				
Financial assets	40,061	0	261	40,321
Other receivables and financial assets	0	0	0	0
<b>Long-term financial assets</b>				
Financial assets		6,979	0	6,979
Other receivables and financial assets	0	0	0	0
	<b>0</b>	<b>6,979</b>	<b>261</b>	<b>47,300</b>
<b>Short-term financial liabilities</b>				
Interest bearing loans	0	74,910	0	74,910
Other liabilities	0	0	1,640	1,640
<b>Long-term financial liabilities</b>				
Interest bearing loans	0	200,086	0	200,086
Other liabilities	0	0	0	0
	<b>0</b>	<b>274,996</b>	<b>1,640</b>	<b>276,636</b>

Current investments 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 derivative 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, 2016, the option amounts to EUR 260 thousand (December 31, 2015: EUR 261 thousand).

Contingent purchase price liabilities follow from the acquisition of IDS doo (currently ams R&D doo) in 2012. ams has committed to pay up to EUR 241 thousand (December 31, 2015: EUR 1,640 thousand) of performance related compensation to the seller until December 31, 2016. The purchase price liabilities comprise exclusively 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.

Additional contingent purchase price liabilities follow from the acquisition of Cambridge CMOS Sensors Ltd in 2016. ams has committed to pay up to EUR 31,000 thousand of performance related compensation to the seller. The purchase price liabilities comprise royalty earn-out payments for products which are based on CCMOSS technology until 2020. The royalty earn-out consideration is based on ams' long-term revenue projections for the relevant products.

### **9. Property, plant & equipment**

The Group acquired property plant and equipment amounting to EUR 41,004 thousand, mainly for expansion of wafer fab capacity and test 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 1,944,500 treasury shares during the reporting period which amounted to EUR 46,906,582.76. 399,999 treasury shares have been sold to fulfill obligations of the Stock Option Plans.

### **12. Dividends**

On June 10, ams AG distributed a dividend of 0.51 EUR per share amounting to a total of EUR 34,330,298.61.

### **13. Subsequent events**

ams signed an agreement to acquire the color and spectral sensing systems specialist MAZeT GmbH, based in Jena, Germany, for an undisclosed amount. Focused on industrial and medical applications, MAZeT offers extensive system and application know-how in advanced color and spectral sensing and strong optical engineering expertise. The closing of the transaction took place on July 12, 2016.

# Supplemental financial information

## Reconciliation from adjusted figures to IFRS reported figures

EUR thousands (except earnings per share)	Q2 2016	1st Half 2016	Q2 2015	1st Half 2015
<b>Gross profit – adjusted</b>	<b>74,074</b>	<b>152,270</b>	<b>94,944</b>	<b>180,948</b>
Acquisition-related costs	-3,289	-7,470	-2,578	-5,093
Share-based compensation costs	-93	-186	-54	-161
<b>Gross profit – IFRS reported</b>	<b>70,692</b>	<b>144,614</b>	<b>92,311</b>	<b>175,693</b>
Gross margin in % – adjusted	55.9 %	56.5 %	56.0 %	56.0 %
Gross margin in % – IFRS reported	53.4 %	53.6 %	54.4 %	54.4 %
<b>Operating expenses – adjusted</b>	<b>-49,646</b>	<b>-99,685</b>	<b>-45,944</b>	<b>-88,960</b>
Acquisition-related costs	-2,857	-5,715	-1,315	-2,631
Share-based compensation costs	-1,508	-2,817	-482	-1,284
<b>Operating expenses – IFRS reported</b>	<b>-54,011</b>	<b>-108,217</b>	<b>-47,741</b>	<b>-92,875</b>
<b>Result from operations – adjusted</b>	<b>24,429</b>	<b>52,585</b>	<b>49,000</b>	<b>91,988</b>
Acquisition-related costs	-6,146	-13,185	-3,894	-7,724
Share-based compensation costs	-1,601	-3,003	-535	-1,445
<b>Result from operations – IFRS reported</b>	<b>16,681</b>	<b>36,398</b>	<b>44,571</b>	<b>82,819</b>
Operating margin in % – adjusted	18.4 %	19.5 %	28.9 %	28.5 %
Operating margin in % – IFRS reported	12.6 %	13.5 %	26.3 %	25.6 %



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