

Mobility 2020 and beyond

Analysts' conference 2011





Company Overview

Highlights 2010

Product Highlights

Dr. Anton Mindl, CEO

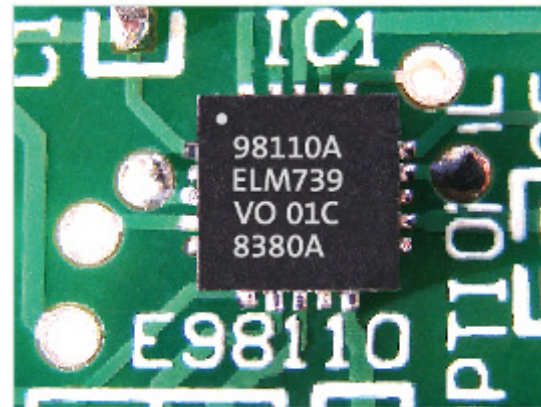




ELMOS at a glance

Established with...

- More than 2 billion chips sold
- Mainstay of sales: integrated system solutions
- Mainly automotive applications
- Semiconductors for automotive, industrial and consumer goods



...proven competence

- Own production, technology and design
- Leading in mixed signal semiconductors
- Competence in sensors (MEMS) and associated package technologies
- Innovations in applications

Setting Standards In Innovation



Locations

NORTH AMERICA



- DETROIT, USA
- MILPITAS, USA

EUROPE/MIDDLE-EAST/AFRICA



- DORTMUND, D
- DUISBURG, D
- FRANKFURT/ODER, D
- KARLSRUHE, D
- MUNICH, D
- NIJMEGEN, NL
- PARIS, F
- ST. PETERSBURG, RU
- PRETORIA, ZA

ASIA-PACIFIC



- TOKYO, JP
- SEOUL, KR
- TAIPEI, TW
- SINGAPORE, SGP
- SHANGHAI, CN



Highlights 2010

- Highest sales level in the company's history
- High profitability and cash flow generation
- Sale of special packaging activities
- Win of additional R&D resources
- Trade fair „electronica“ in Munich: high customer interest in all product lines
- Sensors (MEMS) with positive development
- Human resources award received (New Deals)





25+1 year anniversary

- Politicians
(e.g. Hannelore Kraft,
prime minister of NRW)
- Around 250 guests and
customers gathered at our
workshop
- Motto: Mobility 2020
and beyond
- Lectures about the
future of:
 - Electric vehicles
 - Desertec-project
("electricity from the
desert")
 - Automotive Lighting
 - ...





Mobility 2020 and beyond

More people need more electronic assistance

- Population will continue to grow at a high rate
- Estimated 11 billion people will inhabit the earth in the year 2050 (today: 6.9 billion)
- An aging population needs assistance
- ➔ Electronic becomes the 6th sense of the driver in...
 - safety
(braking, steering, tiredness)
 - comfort
(automatic air conditioning, gesture recognition)





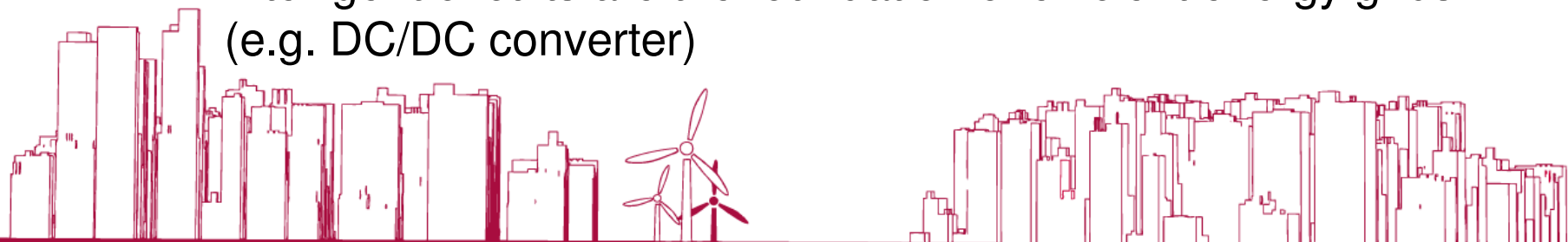
Mobility 2020 and beyond

Magnet megacity requires renewable energy

- In the year 2030 around $\frac{2}{3}$ of the worldwide population will live in mega cities
- Cities consume 80% of the energy produced worldwide
- People in mega cities need energy from renewable sources for work, leisure time, mobility

→ Key technologies:

- Sun, wind and water energy
- Intelligent circuits are the foundation of efficient energy grids (e.g. DC/DC converter)





Mobility 2020 and beyond

Networked mobility advances CO₂ reduction

- Mineral oil is not endless; in the long term alternative powertrain concepts have to be developed
- Environmental friendly alternative:
Electric vehicles (driven by renewable energy)
- E-vehicles reduce CO₂, if...
 - ... the electronic efficiently measures, switches and controls
 - ... they communicate with the outside world/other cars (e.g. traffic jam prevention, traffic light control)





Setting Standards In Innovation

Product Overview



BUS TRANSCEIVER ICs

LIN, FlexRay™, LIN SBC, PSI5, Industrial BUS



DC/DC CONVERTER ICs

Converter, Controller and Smart Power Supply



PIR SENSOR ICs

Solutions for your PIR (Passive Infra Red) Application



SENSOR ICs

Pressure, Sun Angle, Hall and other Sensors



DRIVER ICs

Low Side, Stepper Motor Low Side and IGBT Driver



MOTOR ICs

High Performance DC, Stepper and EC/BLDC Motor Driver



OPTICAL SENSOR ICs | HALIOS®

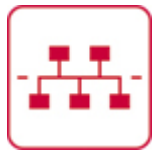
Discover HALIOS®: Gesture and Motion Detection



SAFETY ICs

Solutions for PSI5 Networks and Airbag Applications

Dedicated examples to follow...



The next generation CAN transceiver

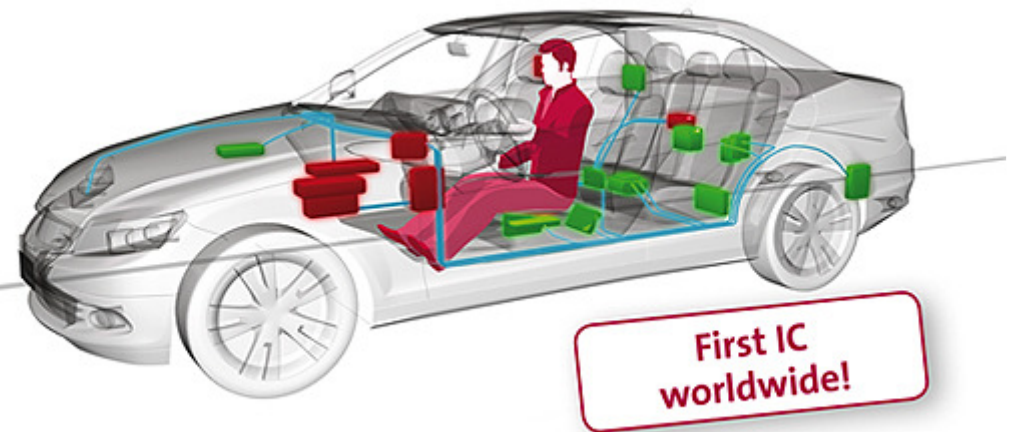
Applications

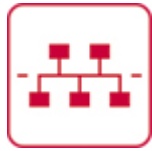
Partial Networking deactivates ECUs whose functions are temporarily not needed in order to

- ...reduce overall current consumption and thus CO₂ emission
- ...enhance the range of electric vehicles

Features

- Compatible to ISO 11898-5
- Additional wake-up source: remote wake-up frame (WUF)
- Current consumption
 - Sleep mode: typ. 20 μ A
 - Partial networking mode: typ. 500 μ A





Dual IO-Link™ transceiver

First IC
worldwide!

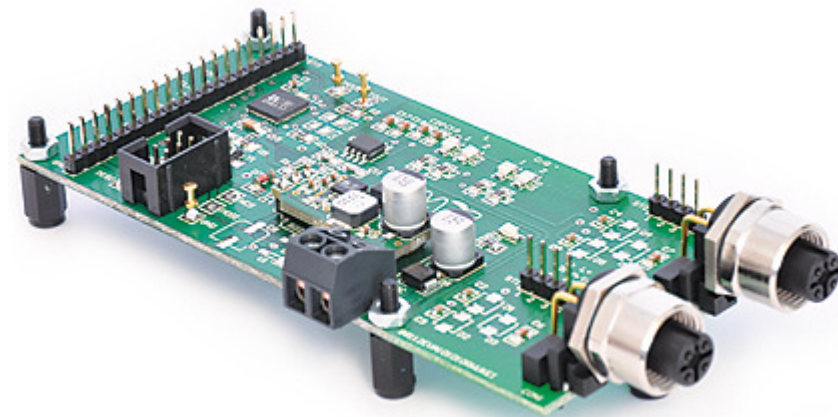
Applications

IO-Link is a point-to-point interface between existing field buses and sensor/actuator devices. IO-Link serves the transmission of specific parameters or data, like diagnosis information.

Features

The IC integrates two UARTs (Universal Asynchronous Receiver Transmitter). The UART solution provided by the E981.12 reduces system costs significantly as no expensive μ C with UARTs must be applied.

The E981.12 Dual IO-Link Master Transceiver is the latest member of the ELMOS IO-Link family.





Multiphase controller

Applications

- Sepic or flyback converters, even in mixed topologies
- Multiple high-power LED strings with true-color PWM dimming
- Motor, actuator or valve drivers
- Compact, high-power car multi-media equipment
- High-power battery chargers

Features

- SMPS controller
- Wide input voltage range from 5V to 60V
- 20 μ A typical shutdown current





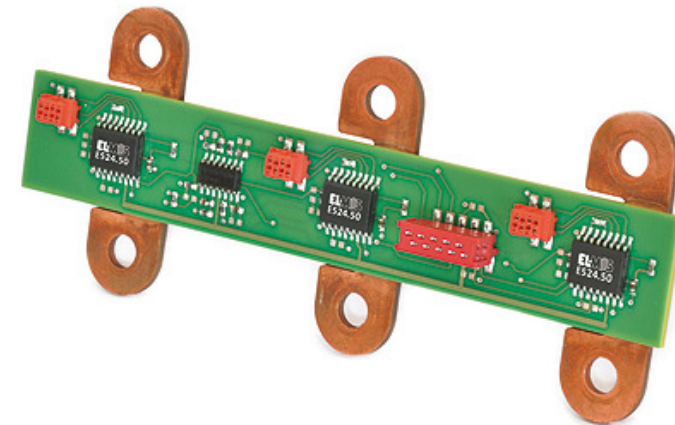
Integrated AMR current sensor

Applications

- Electrical motor controls
- Power inverters
- Battery management

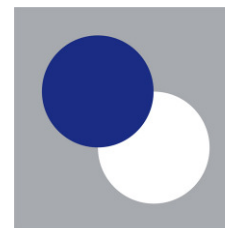
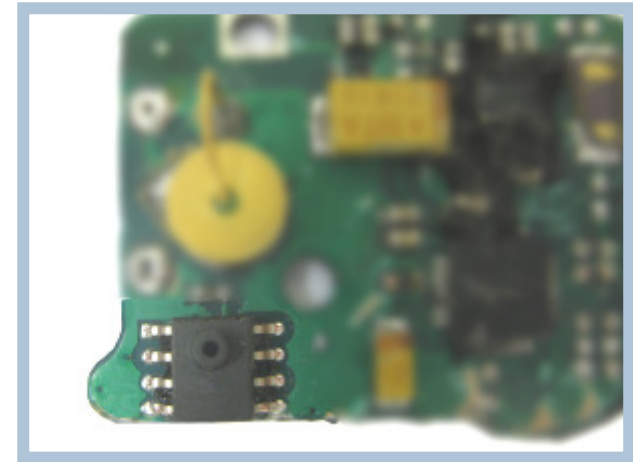
Features

- Contactless current measurement based on AMR effect
- Wide measurement bandwidth:
DC to 500kHz
- Excellent immunity to magnetic stray fields using differential sensor construction
- High precision





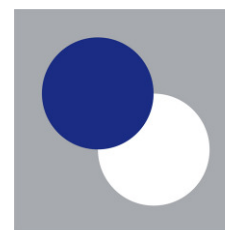
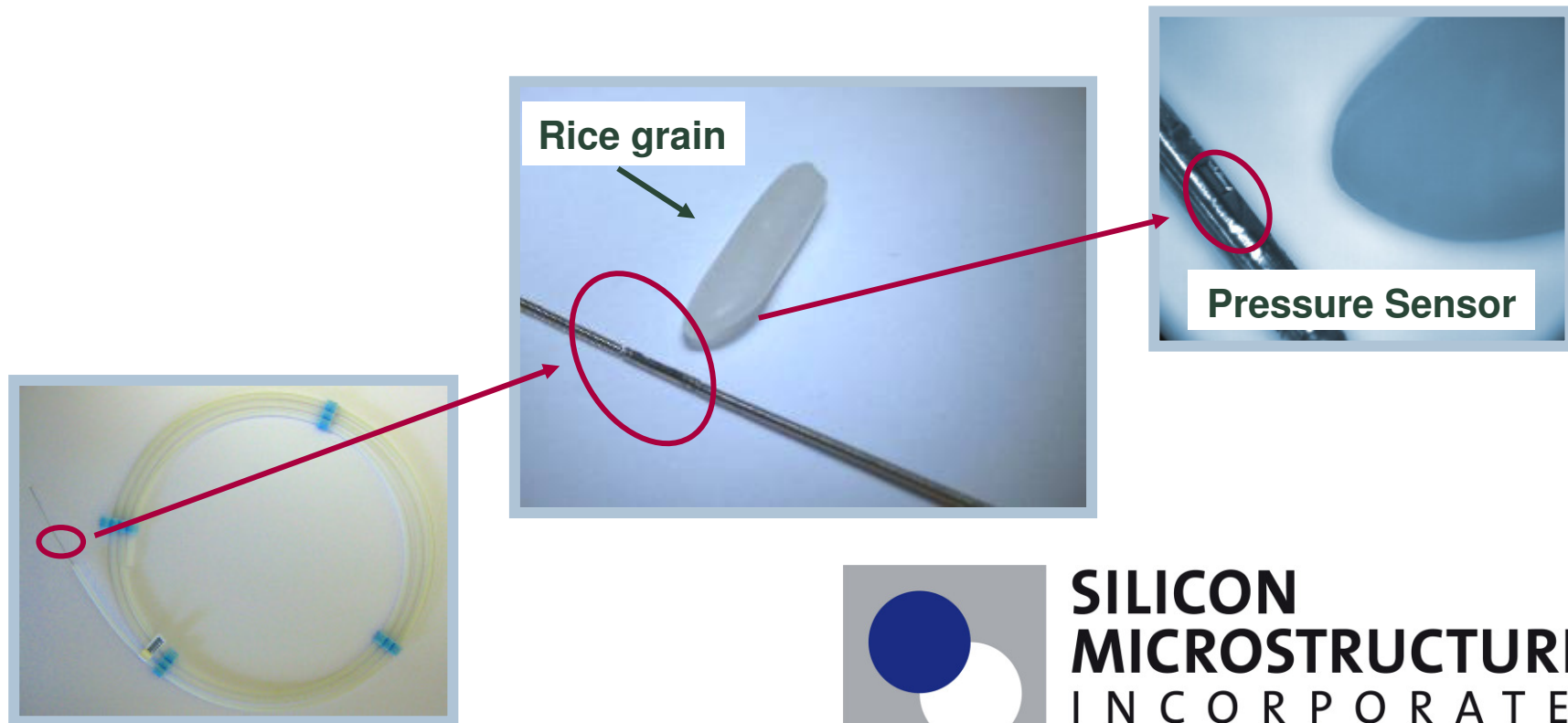
Tire Pressure Sensor



**SILICON
MICROSTRUCTURES
INCORPORATED**
Member of the ELMOS Group



Pressure Sensor: Heart catheter pressure sensor



**SILICON
MICROSTRUCTURES
INCORPORATED**
Member of the ELMOS Group



HALIOS® multi-purpose sensor IC

Features / Applications

- Proximity: millimeters up to meters
- Enables features like...
 - Pre-touch / pre-select action
 - Black panel / dark surface concepts
 - Gesture control (wipe, approach, sectors, simple movements)
 - Multi-control HMIs and lighting interaction
- Real time detection with high sensitivity & dynamics independent of ambient light and temperature





Strong customer base in automotive



ELMOS indirectly supplies virtually all car manufacturers

Growing customer base in industrial and consumer goods





Automotive market 2010

- Fast recovery from the worldwide downturn
- **Western Europe:** y-o-y figures have declined → high prior-year figures due to car scrap bonus programs
 - Western Europe: -5%
 - Total volume: 13.0 million light vehicles
- **US-market:** Going strong, esp. for German automotive OEMs
 - USA: +11%
 - Total volume: 11.6 million light vehicles
- **Asian markets** are still going strong but a slowdown of growth rates on a high level is visible
 - China: +34%
 - Total volume: 11.3 million light vehicles
- **Worldwide market:** 59 million vehicles / +10.5% (Source: VDA / University Duisburg-Essen)



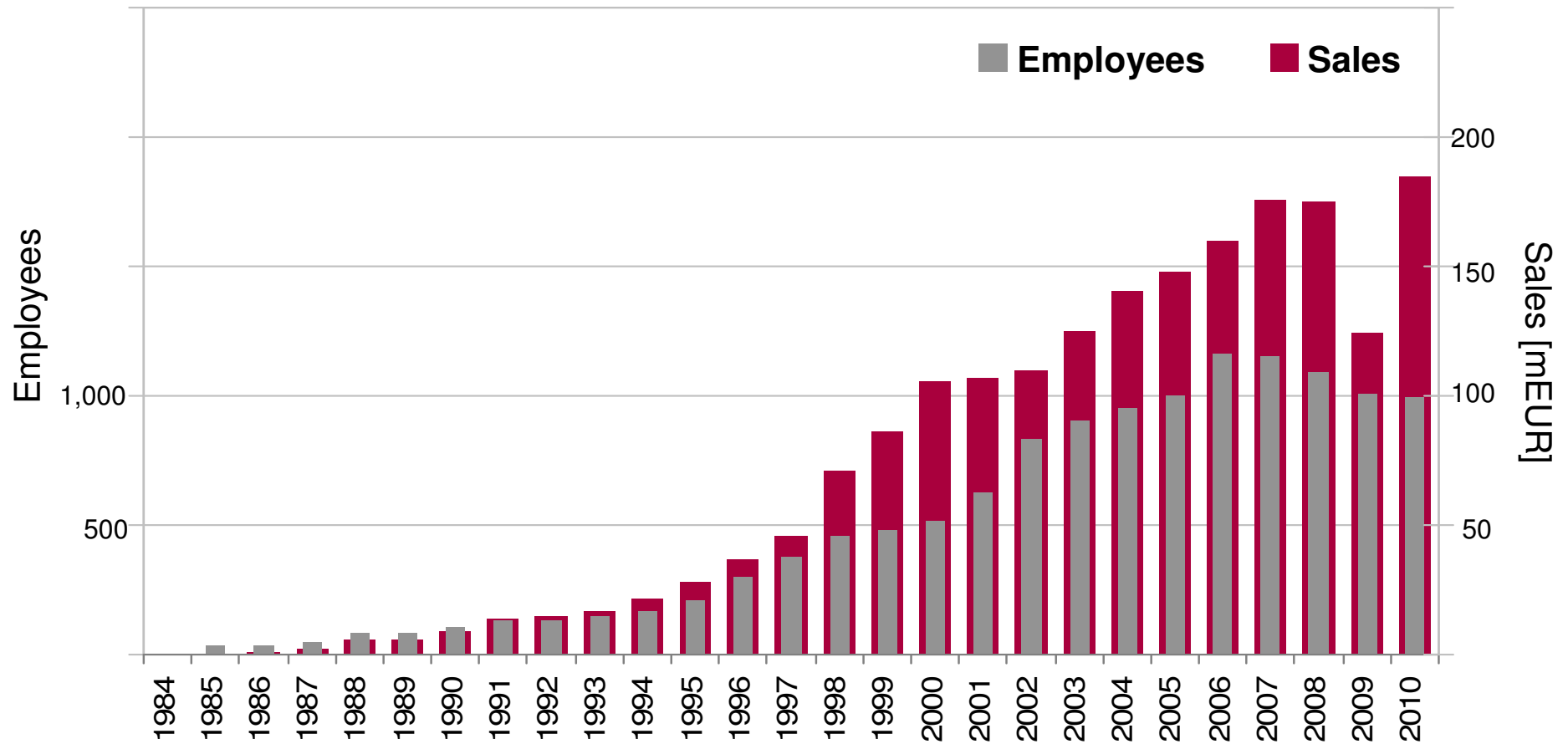
Financials 2010

Overview

- Highest sales ever (184.7 m Euro / +49.2%)
- Above average growth of:
 - Gross profit: 83.8 million Euro (2009: 35.9 million Euro)
 - EBIT: 23.1 million Euro (2009: -15.8 million Euro)
 - Net income: 17.8 million Euro (2009: -12.2 million Euro)
- Positive Free Cash flow: 5th year in a row
 - Focus on cash generation pays off
 - Company generates cash both in good and in difficult times
- Solid financial base and financial strength
- Dec. 31, 2010: 991 employees (Dec. 31, 2009: 1,009; -1.8%)



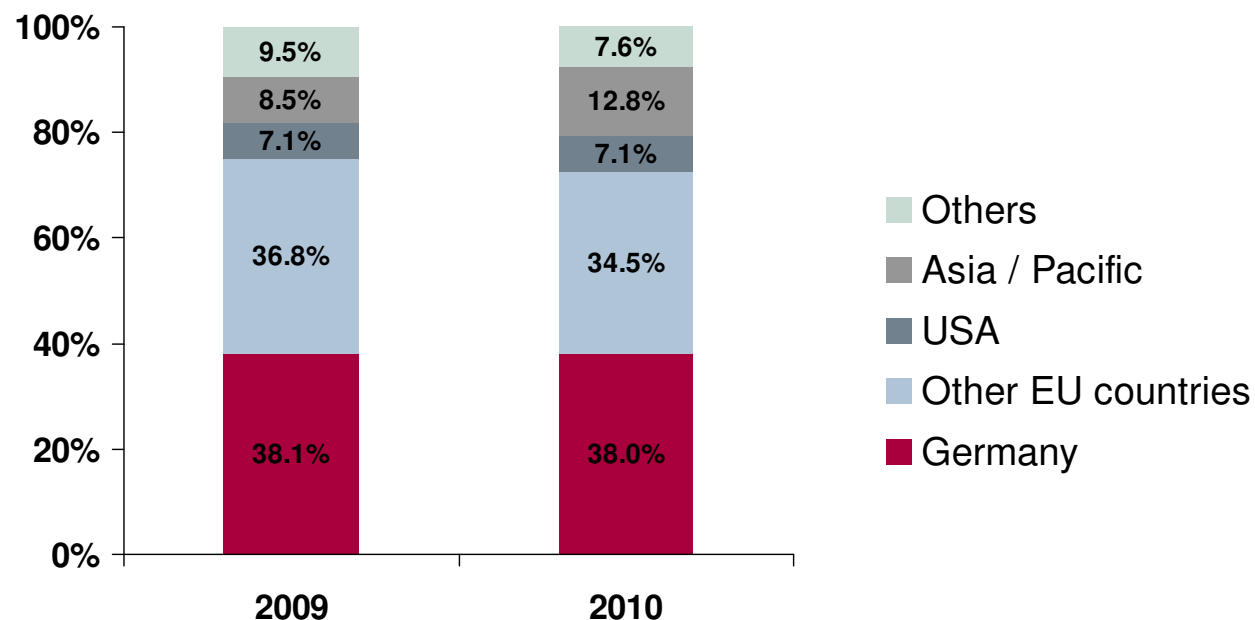
Sales & employees



The worst ever crisis followed by the strongest ever recovery leading to 2010 sales exceeding pre-crisis level



Sales by region in %



- Asia/Pacific: Highest growth in 2010
- Our top ten customers amounted to roughly 65% (2009: 68%) of sales
- The ten best selling products together came to roughly 42% (2009: 43%)

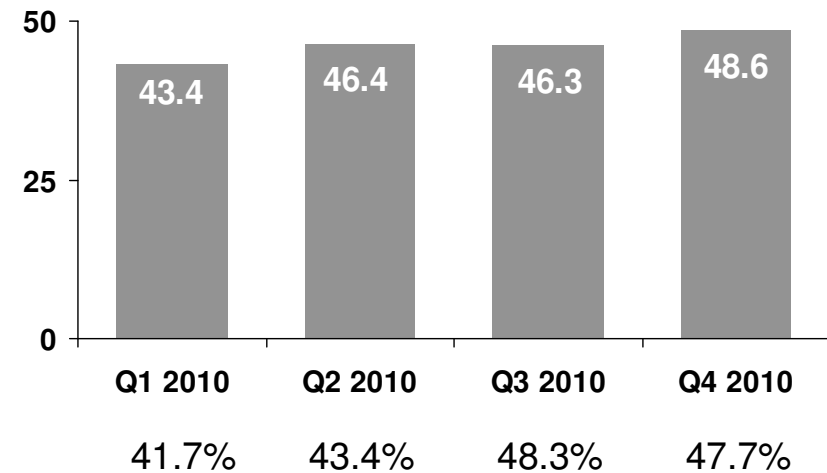
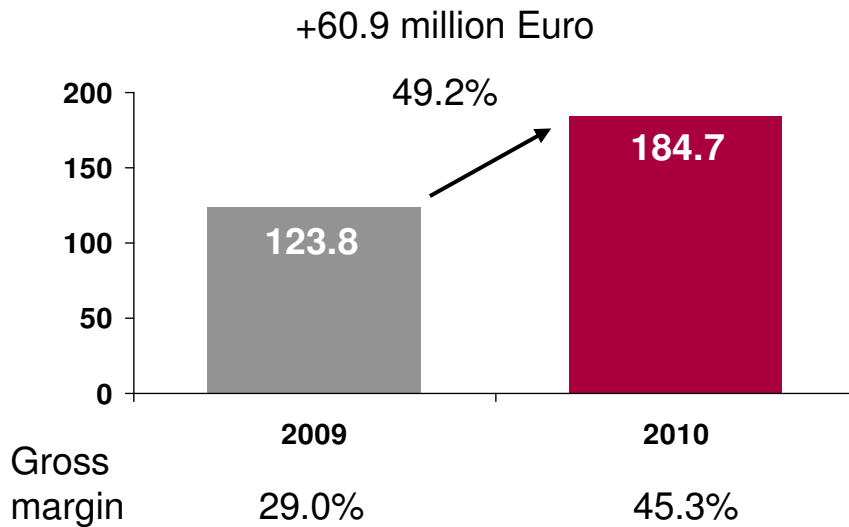
Financials

Graf Nicolaus von Luckner, CFO





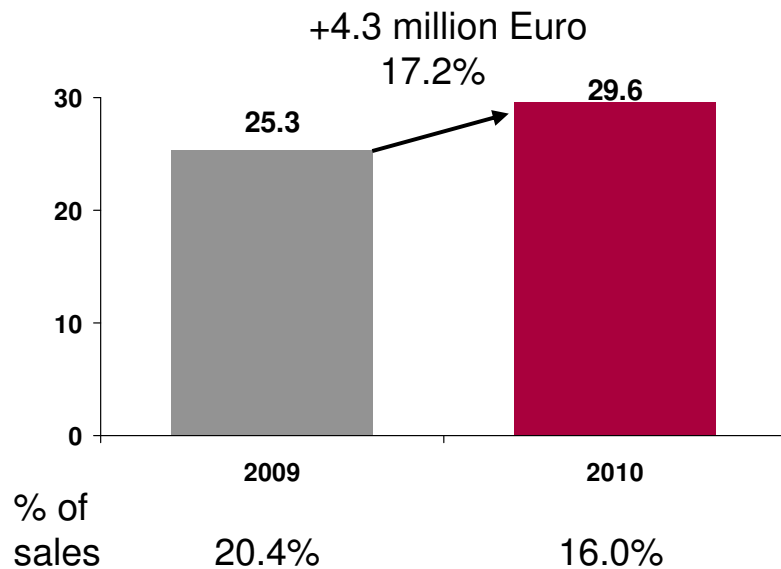
Sales and Gross Margin



- ELMOS could supply all requested volumes
- Gross margin higher due to improved efficiency
- Revenue of special packaging activities amount to roughly 6.1 million Euro (sold Dec. 31, 2010)



Research & Development

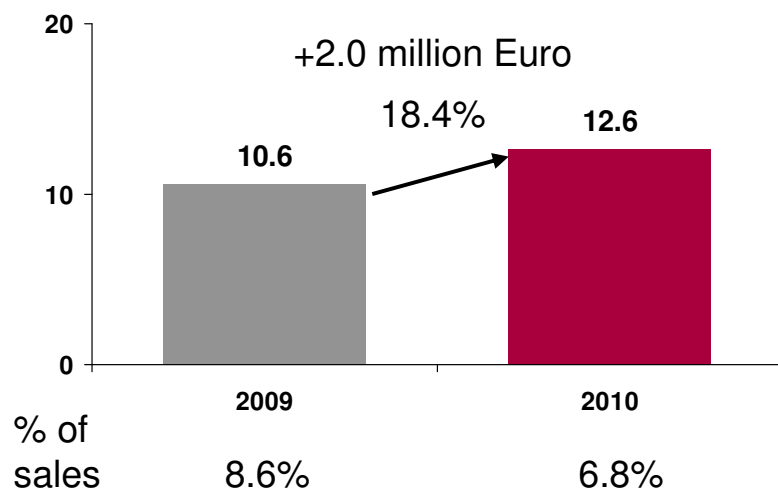


- Focus on energy efficient and eco products, esp. ASSPs
- Technology development, also with partners (MagnaChip), is running according to plan
- Win of additional R&D rescoures

R&D activities will be intensified in 2011



Marketing & Sales

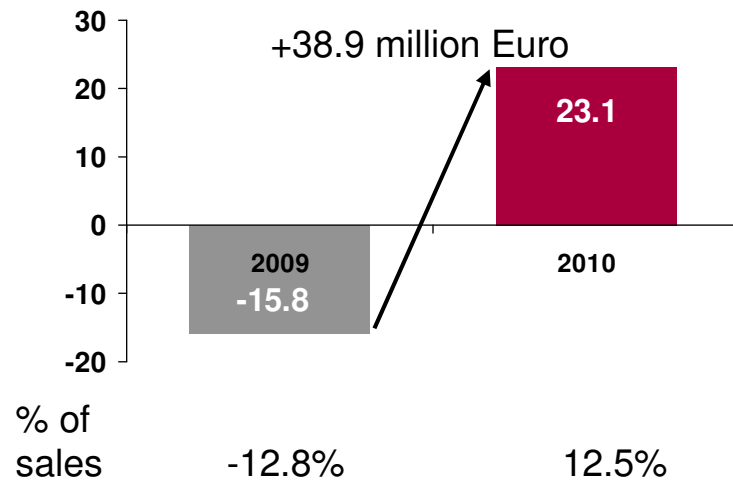


- Asia expansion: new locations in Shanghai and Singapore
- Industry and consumer goods markets still with high potential

ELMOS' growth will increasingly be driven by business in Asia and with ASSPs



EBIT / EBIT Margin

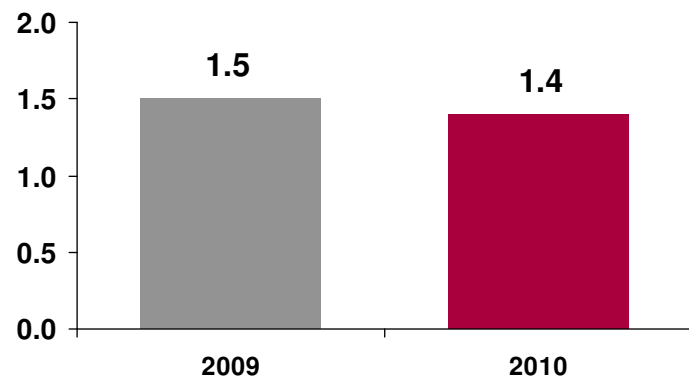


- Strong EBIT due to
 - Improved production performance
 - Increase of operational expenses lower than sales increase

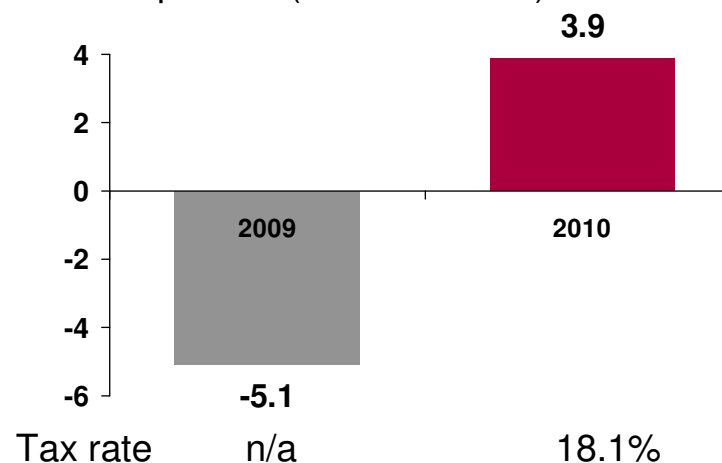


Net finance expenses and tax expenses

Net finance expenses (in million Euro)



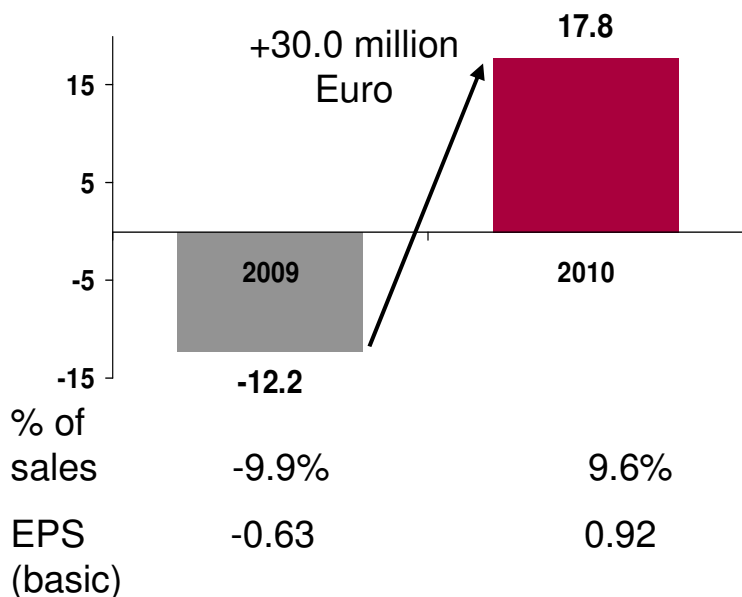
Tax expenses (in million Euro)



- Net finance expenses despite net cash position because of low credit interest rates
- Low tax rate due to one-time effects, amongst others revaluation of deferred tax assets



Net result / Earnings per share

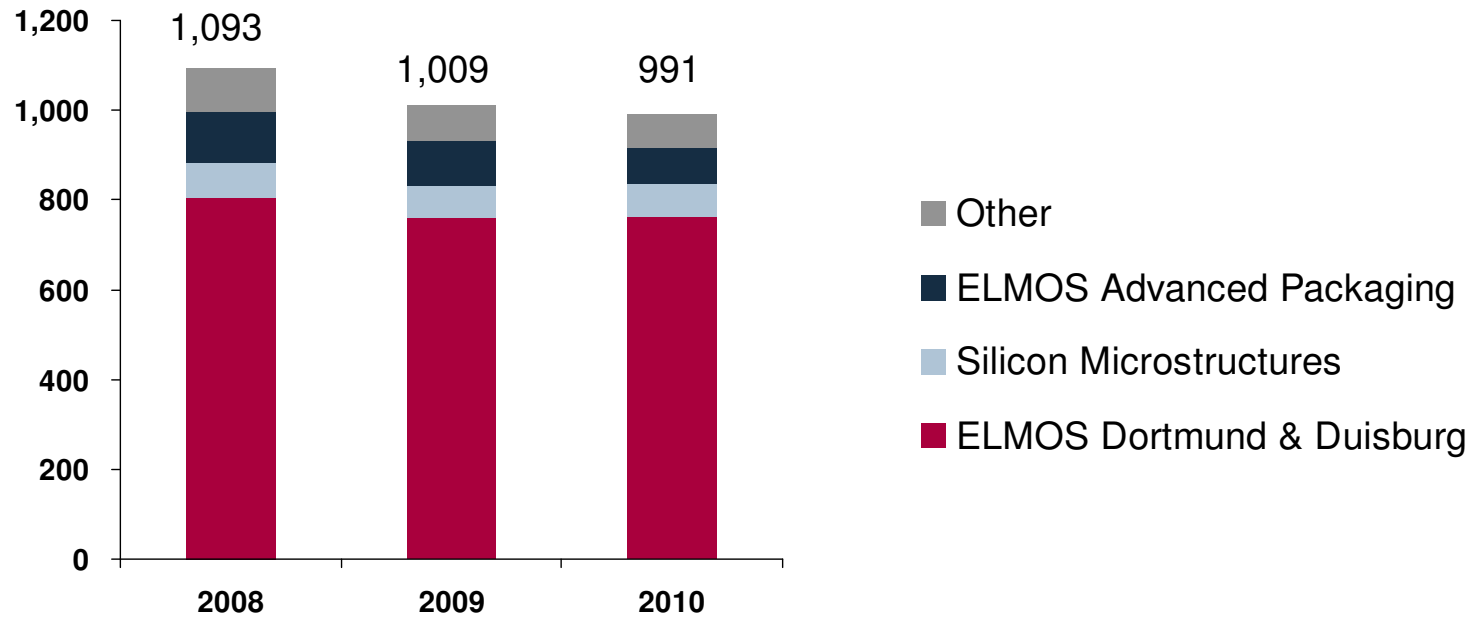


- Net result significantly improved
- Supervisory Board and Management Board will propose to the Annual General Meeting on May 17, 2011 to pay a dividend of 0.20 Euro per share.



Employees

ELMOS group (Dec. 31, 2010)

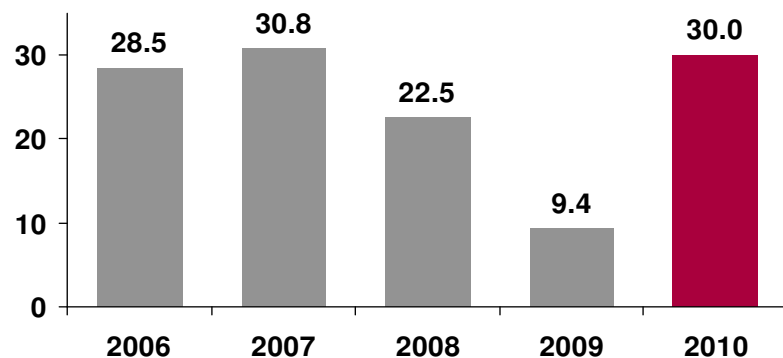


- Due to the sales of the special packaging activities 69 employees will not be recorded anymore from 2011 onwards

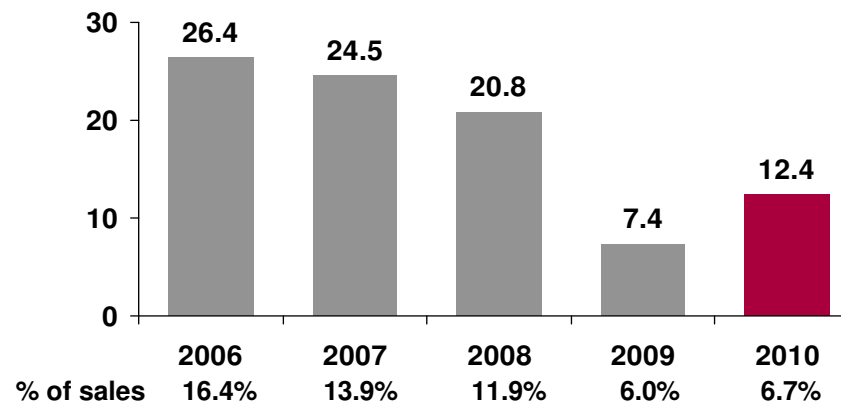


Excellent cash flow generation ...

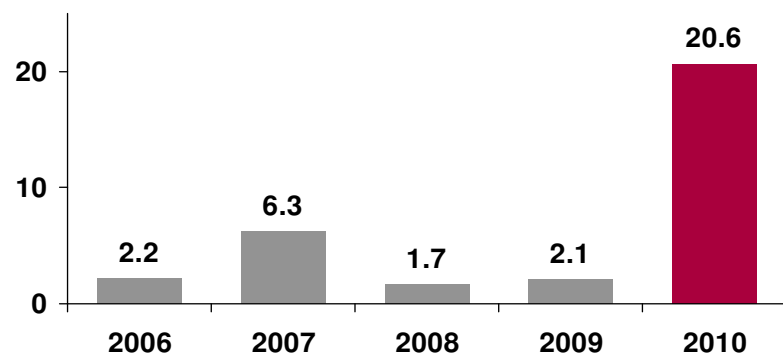
Operating Cashflow



Capital expenditures



Adjusted Free Cashflow*

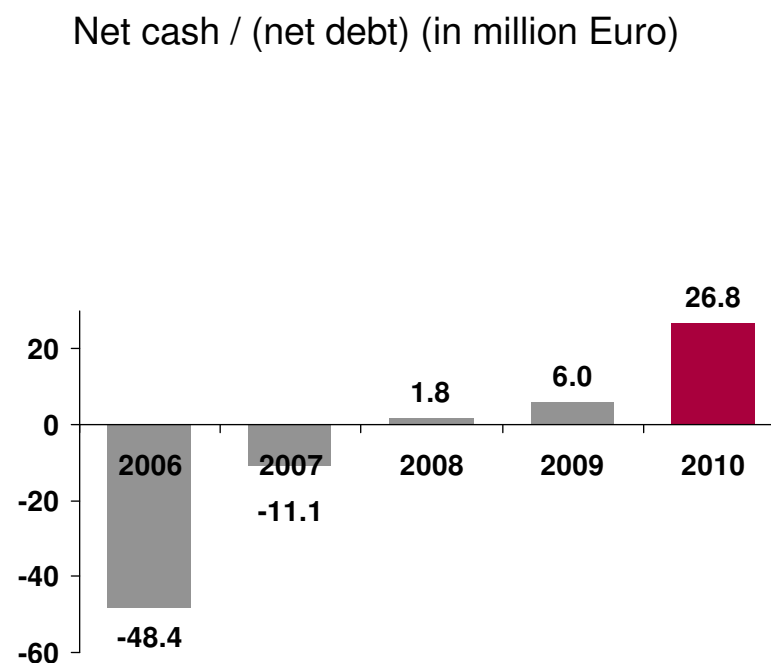
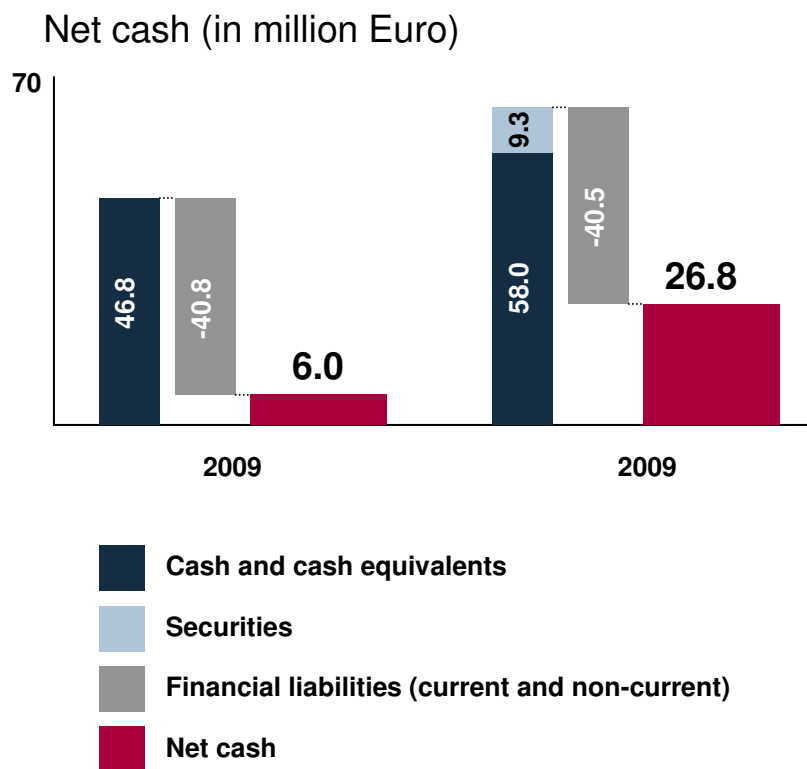


- Strong positive operating cash flow
- Capex discipline
- ➔ Strong free cashflow generation

** Cash flow from operating activities plus investments in marketable securities less capital expenditures



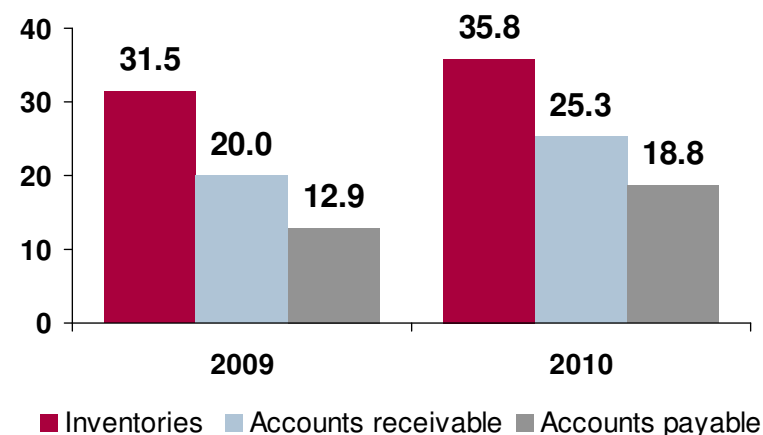
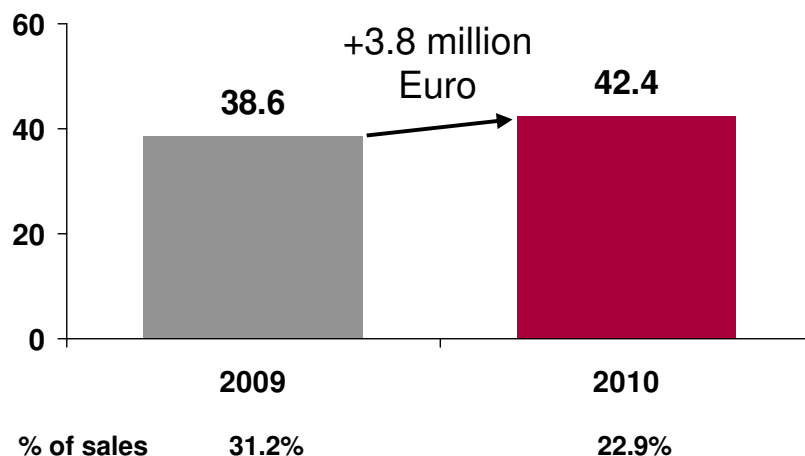
... leading to comforting net cash position



Continuous improvements of cash position in crises and upswings



Net working capital



% of sales 2009 2010

31.2% 22.9%

- Despite business upswing working capital has only increased much less than sales
- Stable inventory turnover (2.8x), improved receivables turnover (7.3x) and enhanced payables turnover (5.4x)

Significant improvements in working capital management supported cash position

Outlook

Dr. Anton Mindl, CEO





Outlook

ELMOS strategy 2011 and beyond

- Strengthen product lines, including
 - MEMS,
 - industrial and
 - consumer products
- Sell more in Asia / new locations
- Drive 8-inch conversion in own fab
- Include MagnaChip-Foundry in production portfolio



Outlook

Macroeconomic development

- Automotive sales going strong, but development mainly depends on Asian markets (36% of worldwide vehicles will be sold in Asia)
- Automotive semi market will grow from 2010 to 2015 with an average rate of 9%*
- *The consequences of the recent disastrous developments in Japan are currently not foreseeable*

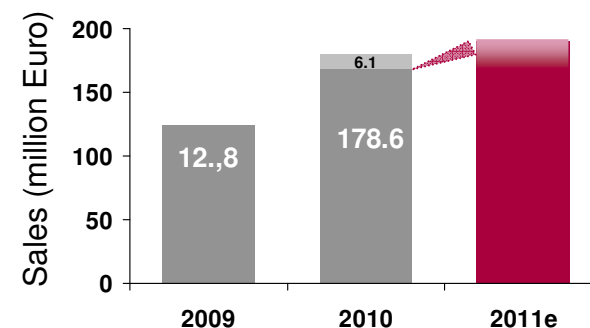
* Source: DataBeans



Outlook

ELMOS Outlook

- Sales: 190-200 million Euro or a growth rate between 6% and 12%, based on 2010 sales of 178.6 million Euro, adjusted by the sale of the special packaging business
- EBIT margin will reach or slightly exceed the 2010 level
- Capex: less than 15% of sales
- Free Cash Flow: positive



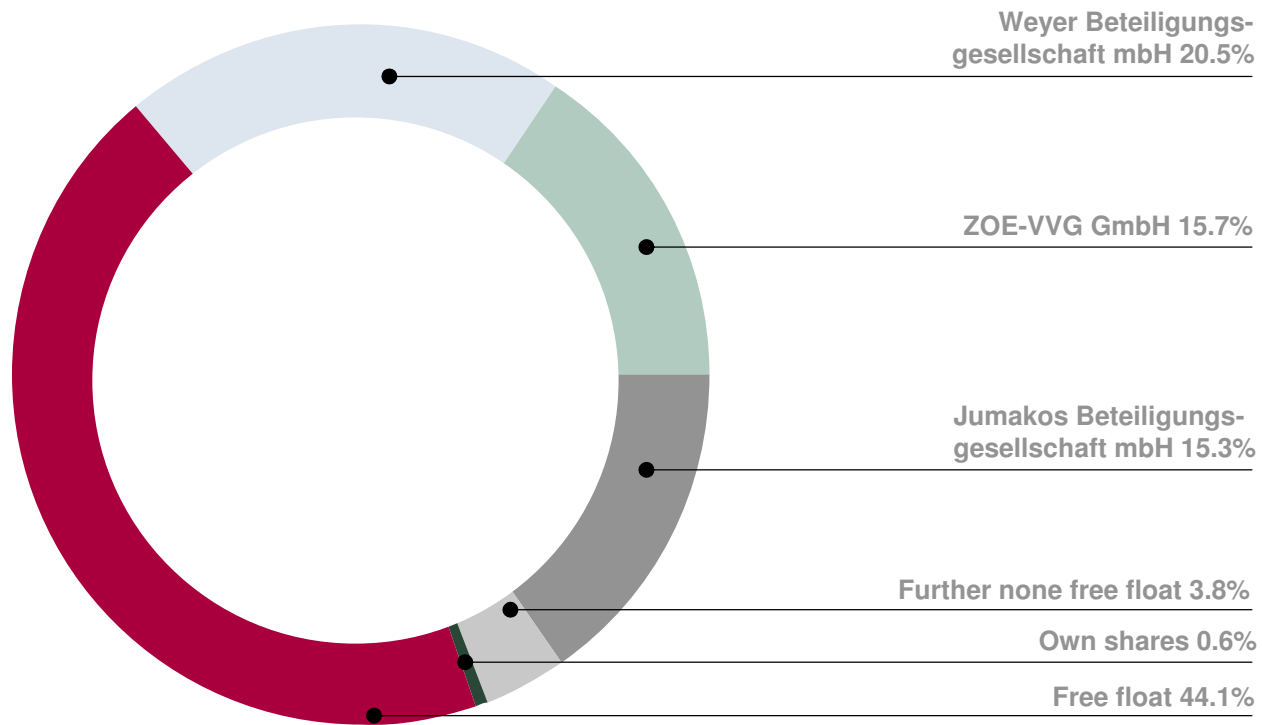
- *The forecast takes into account cost increases due to higher global market prices for materials and rising development and distribution expenses, among other factors as well as an exchange rate of USD 1.30/euro.*
- *The consequences of the recent disastrous developments in Japan are currently not foreseeable and not reflected in the forecast. However, for ELMOS there are only marginal direct dependencies in terms of supply and customer relationships with Japan; indirect effects are currently not assessable.*

Thank you for your attention!

Analysts` conference 2011



Shareholder structure



Share capital: 19,414,205 Euro/shares

Dec. 31, 2010

Research coverage



Close Brothers Seydler Research

Veysel Taze

DZ Bank

Harald Schnitzer

Fairesearch

Heinz Steffen

Natixis Securities

Stéphane Hourri, Maxime Mallet

Mirabaud Securities

Susan Anthony

Warburg Research

Malte Schaumann

WestLB

Henning Cosman

Five-year overview



<i>In million Euro, unless otherwise indicated</i>	2010	2009	2008	2007	2006
Sales	184.7	123.8	175.1	176.1	160.7
Gross profit	83.8	35.9	75.6	73.1	73.0
R&D	29.6	25.3	31.6	30.9	29.6
Operating income	23.8	-14.8	15.4	14.5	19.6
EBIT	23.1	-15.8	16.5	15.2	19.8
Net income	17.8	-12.2	10.6	8.8	10.7
Earnings per share (Euro)	0.92	-0.63	0.55	0.45	0.55
Operating cash flow	30.0	9.4	22.5	30.8	28.5
Capital expenditures	12.4	7.4	20.8	24.5	26.4
Free cash flow*	12.5	3.9	10.3	29.4	8.6
Adjusted free cash flow**	20.6	2.1	1.7	6.3	2.2
Employees (annual average)	990	1,038	1,117	1,177	1,131

* Cash flow from operating activities less cash flow from investing activities

** Cash flow from operating activities plus investments in marketable securities less capital expenditures

Balance sheet



In million Euro unless otherwise indicated

	2010	2009
Intangible assets	30.6	33.7
Property, plant and equipment	69.5	72.8
Other non-current assets	14.3	8.3
Inventories	35.8	31.5
Trade receivables	25.3	20.0
Other current assets	73.7	55.4
Total assets	249.2	221.7
Equity	172.3	154.4
Non-current liabilities	43.6	43.0
Trade payables	18.8	12.9
Other current liabilities	14.5	11.4
Total equity and liabilities	249.2	221.7

Cash flow statement



<i>In million Euro, unless otherwise indicated</i>	2010	2009	Δ
Cash flow from operating activities	30.0	9.4	>100%
<i>% of sales</i>	16.2%	7.6%	
Capital expenditures	-12.4	-7.4	67.8%
<i>% of sales</i>	-6.7%	-6.0%	
Cash flow from investing activities	-17.5	-5.5	>100%
Free cash flow*	12.5	3.9	>100%
Adjusted Free cash flow**	20.6	2.1	>100%

* Cash flow from operating activities less cash flow from investing activities.

** Cash flow from operating activities plus investments in marketable securities less capital expenditures.



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