



# Mobility 2020 and beyond

ELMOS Semiconductor AG

German Equity Forum 2011



# Innovative mixed signal IC company



- Leading automotive semiconductor company
- ASSPs and ASICs with state-of-the-art mixed signal technology roadmap
- Growing sales in industrial and consumer goods
- Strong competence in pressure sensors (MEMS)
- More than 2 billion chips sold
- Worldwide presence with German roots

Strong customer base in automotive



ELMOS indirectly supplies virtually all car manufacturers

Growing customer base in industrial and consumer goods



Non-Automotive Customer Base gets broader

# Locations



## NORTH AMERICA



- DETROIT, USA
- MILPITAS, USA

## EUROPE/MIDDLE-EAST/AFRICA



- DORTMUND, D
- DUISBURG, D
- DRESDEN, D
- FRANKFURT/ODER, D
- MUNICH, D
- BERLIN, D
- KARLSRUHE, BRUCHSAL, D
- PARIS, F
- ST. PETERSBURG, RU
- PRETORIA, ZA

## ASIA-PACIFIC



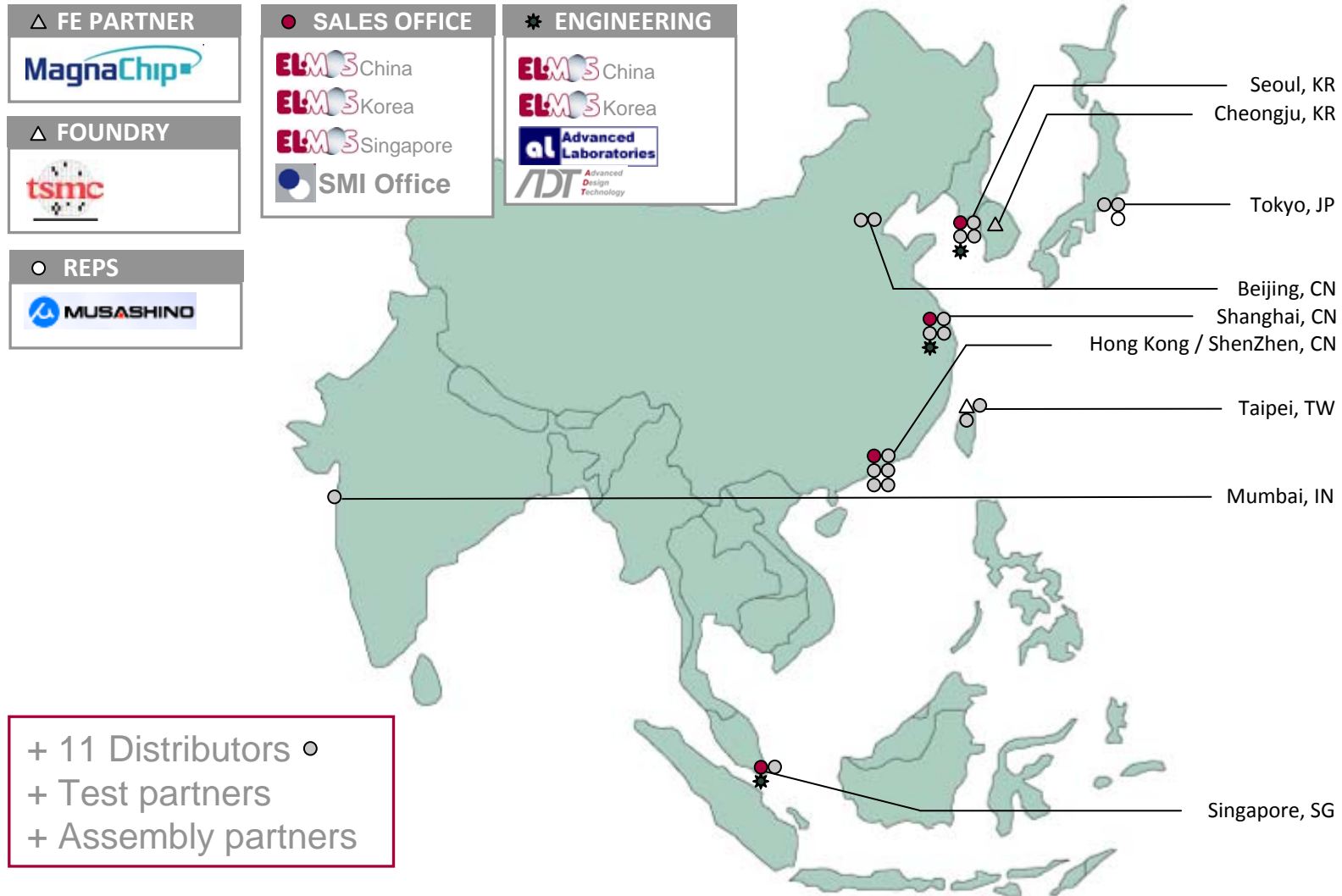
- TOKYO, JP
- TAIPEI, TW
- SEOUL, KR
- SINGAPORE, SGP
- HONGKONG, CN
- SHANGHAI, CN



## Major Strategy Goals / Review

- Strengthen footprint in Asia
- Focus on product lines, including
  - New, “first-of-its-kind” ASSPs and ASICs
  - MEMS
  - Industrial and consumer products
- Ramp-up of foundry partner MagnaChip
- Drive 8-inch conversion in own fab

# Asian Footprint moves forward



# Our Product Lines...

## ... examples to follow



### INTERFACE

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



### POWER

Converter, Controller and Smart Power  
Supply, LED-Driver



### MOTOR CONTROL

High Performance DC, Stepper and  
EC/BLDC Motor Driver



### SENSOR & SAFETY

Pressure-, PIR-, Hall-, Sun angle- and  
Ultrasonic-Sensors and Airbag



### SPECIAL PRODUCTS

Low Side, Stepper Motor Low Side and  
IGBT Driver



### OPTICAL SENSORS & HALIOS®

Discover HALIOS®: Gesture and Motion  
Detection

**ELMOS expands its product portfolio and know how through  
additional R&D capabilities & resources**



## Sensor ICs IC for Park Assistance

### Why do customers use this ELMOS IC?

- Proven solution: More than 200 million ICs in the field
- Direct communication with the automotive network

### Applications

- Ultra sonic park assistance



### This market will grow because ...

- Park assistance systems are increasingly available in all vehicle classes
- They will be a future standard equipment in the majority of vehicles – also in Asia
- Many new applications coming soon



HALIOS®

IC for gesture control

## Why do customers use this ELMOS IC?

- Function is independent of ambient light, dirt and changes in temperature
- Optical and capacitive sensor system at the same time

## Applications

- Everywhere a human being controls a machine: from A like automotive to Z like zoom-function of a smart phone

## This market will grow due because ...

- The three dimensional control of machines is the next logical step following the iPhone/ iPad HMI\*

\* HMI = Human Machine Interface





# Current transformer IC for high-performance LEDs



## Why do customers use this ELMOS IC?

- Very high efficiency at producing the needed supply voltage
- Few and low priced external components
- The cooling effort can partially be cut in half in comparison to conventional solutions

## Applications

- High-performance LEDs (automotive lightening, street lights)
- LED lightening for interior/buildings

## This market will grow due because ...

- LED is the lightening of the future
- Efficient current-/voltage-transformers are the mediators between renewable power generation and a constant supply





## BUS Transceiver ICs IC for Partial Networking



### Why do customers use this ELMOS IC?

- The partial networking mode shifts the unused ECUs in „Stand-by“ and therefore saves energy
- ELMOS offers the worldwide first IC for a partial networking mode in a car

### Applications

- **THE** BUS system for e-vehicles
- Current applications: door ECU, climate control interface, rear-view camera, auxiliary heating system, sun roof, network ECUs

### This market will grow due because ...

- Reduction of fuel consumption and CO<sub>2</sub> emission is legally enforced
- The demand for higher ranges of e-vehicles
- “Always on” is not a solution for efficient BUS-Systems





## BUS Transceiver ICs IC for FlexRay™ networks

### Why do customers use this ELMOS IC?

- Future-proof solution for fast networking in vehicles
- Worldwide first FlexRay™ star coupler according to V3.0 specifications

### Applications

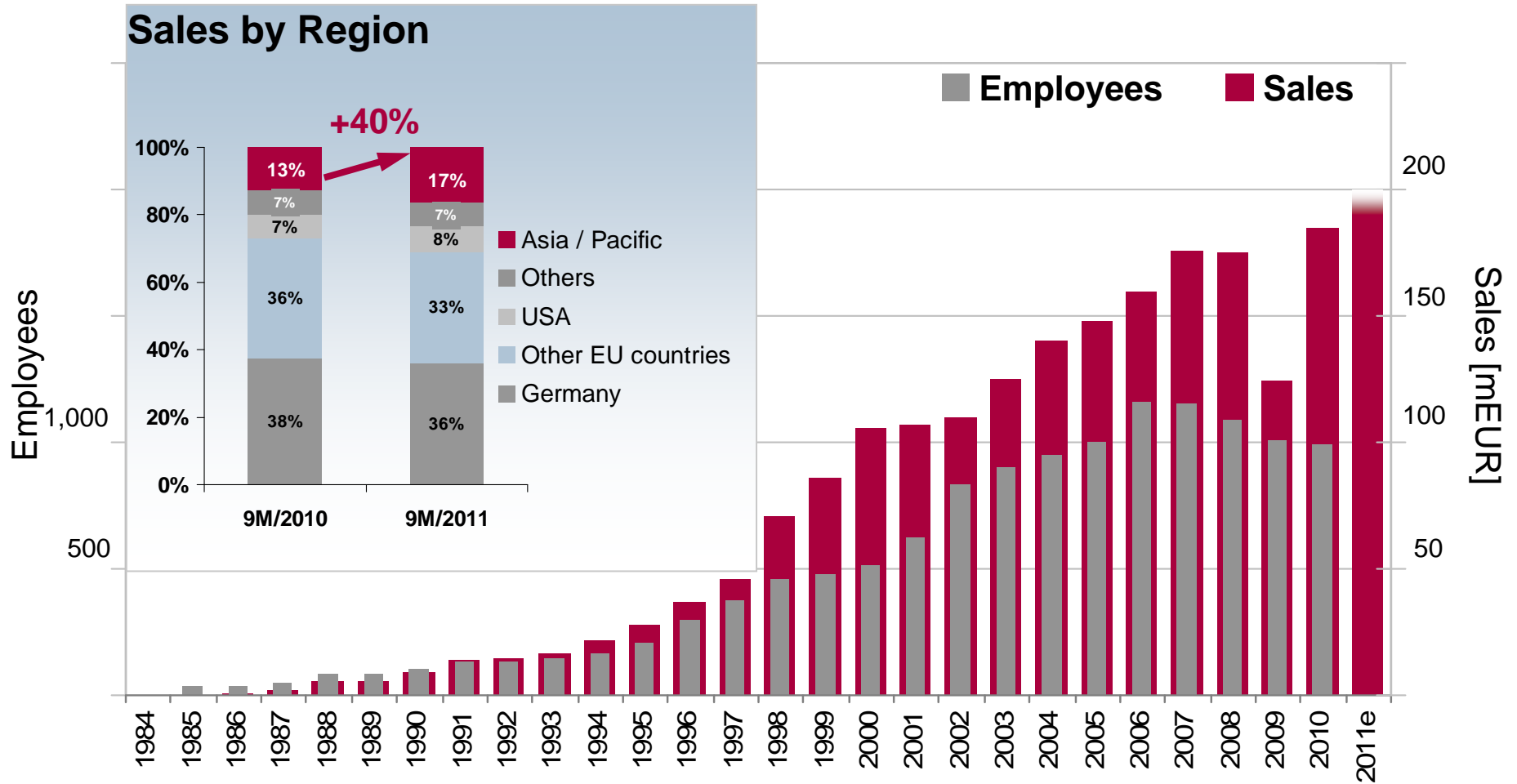
- Electrical chassis control, ESP, active steering, powertrain applications

### This market will grow due because ...

- of a rising demand for a reliable and high performance communication because of increasing electrification of vehicles, esp. for safety relevant and energy intense functions



# Sales & employees



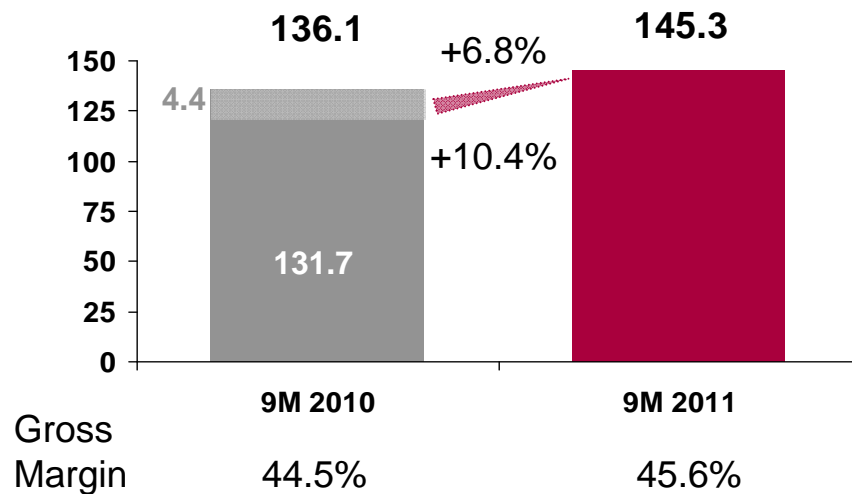
**Asia supports 2011 growth**

## Highlights 9M/2011



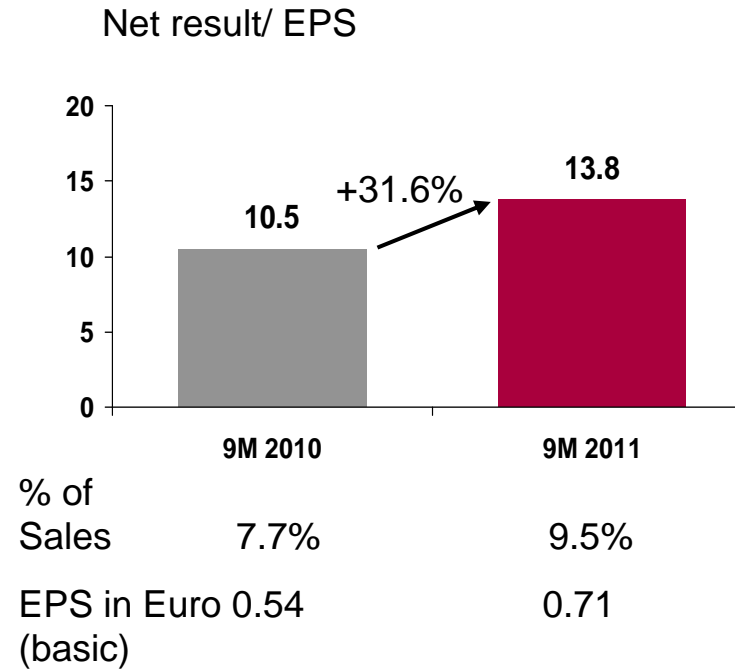
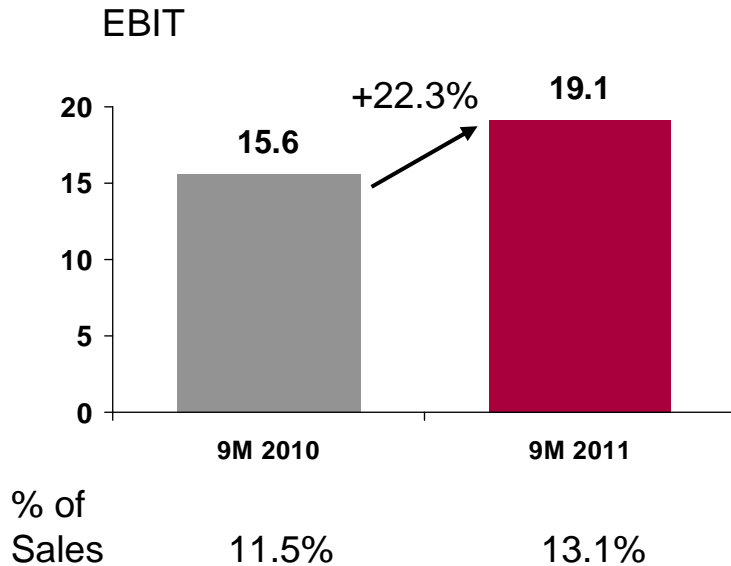
- Increase in sales compared to prior-year quarter and on nine-month basis
- Dynamic growth in Asia
- Sound profitability through improved manufacturing efficiency
  - Gross Margin 9M 2011: 45.6% (9M 2010: 44.5%)
  - EBIT Margin 9M 2011: 13.1% (9M 2010: 11.5%)
  - Net income 9M 2011: 9.5% (9M 2010: 7.7%)
- Confirmation of 2011 forecast
- Partner MagnaChip started series production
- New engineering resources extend capabilities
- Investment in solar start-up TetraSun

# 9M 2011: Sales and Gross Margin



- Sales growth in all regions in comparison to the prior year
  - Sales in Asia/Pacific grew by more than 40% compared to 9M 2010
- Adjusted by the special packaging business sold as of Dec 31, 2010, sales in 9M 2011 gained +10.4% over 9M 2010

# 9M 2011: EBIT and net result



- Further improvement of EBIT and net income due to ...
  - ... decrease of functional expenses as % of sales
  - ...despite expanding Asian activities

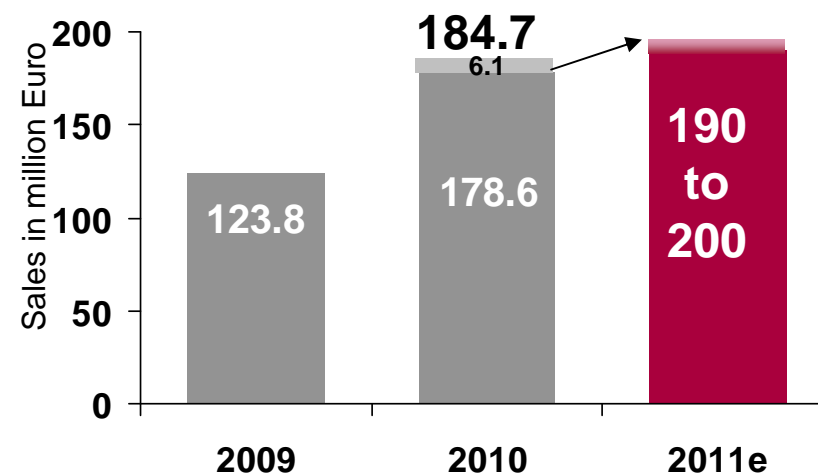
## Expected market development

- Automotive sales in premium segment still going strong / 2<sup>nd</sup> row showing some weakness
- Asia going strong due to new customers and projects
- Macroeconomic situation continues to be determined by local and global crises (e.g. Euro crises)
  - hard to make predictions
- ELMOS is well positioned to participate in mega trends, such as increasing urbanization, more renewable energy sources (and their efficient exploitation), and more as well as environmentally sound mobility

# Outlook\* reiterated



	<b>March 2011</b>	<b>Update Nov. 2011</b>
<b>Sales</b>	190 to 200 million Euro	Lower range of 190 to 200 million Euro
<b>EBIT margin</b>	12.5% or slightly higher	Slightly exceed 13%
<b>Free Cashflow</b>	Positive	Positive

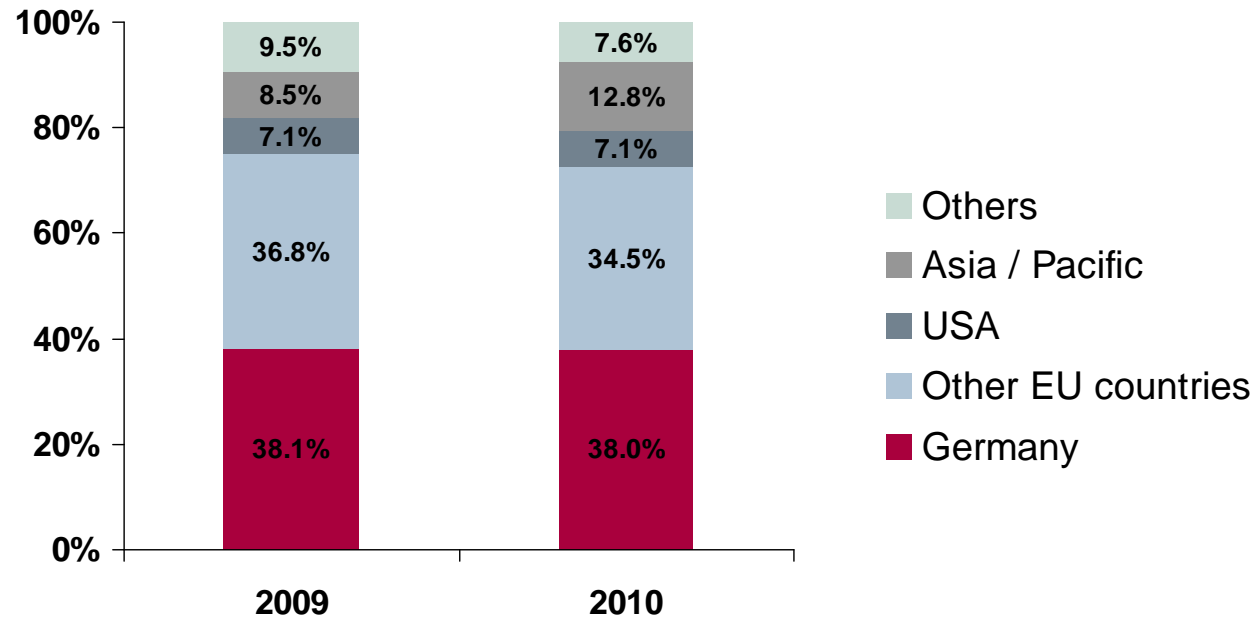


\* The forecast takes into account cost increases due to higher global market prices for materials and rising development and distribution expenses, among other factors as well as an exchange rate of USD 1.40/Euro.

# Appendix

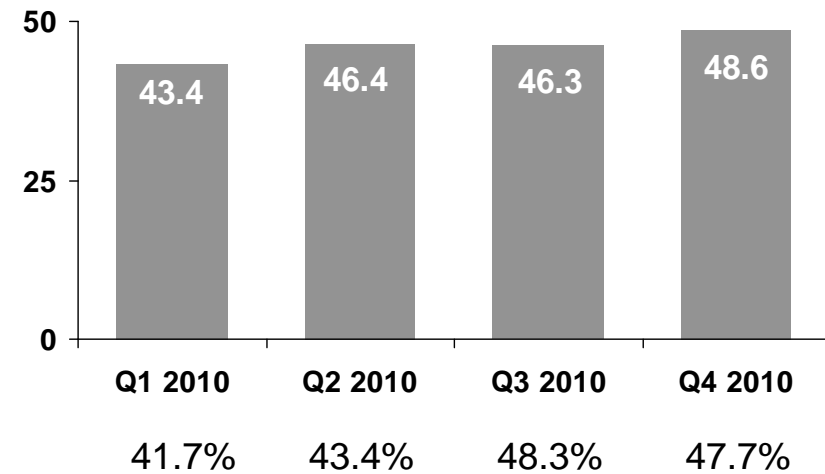
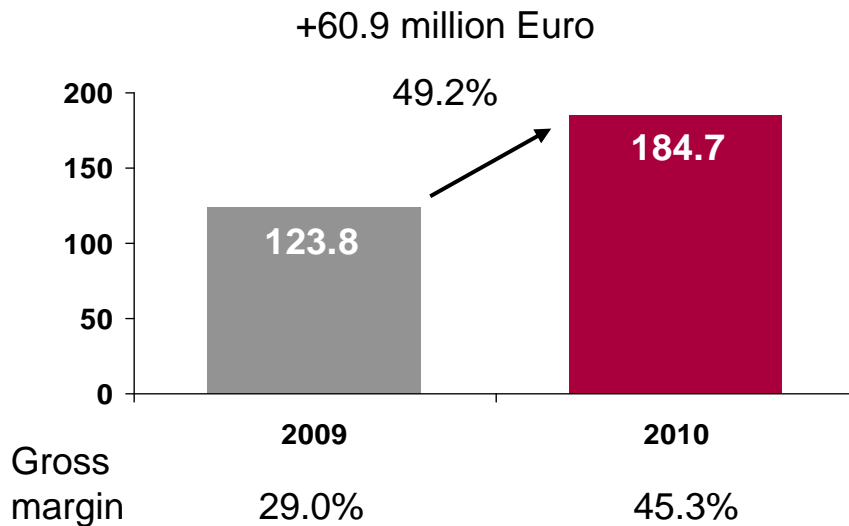


## FY 2010: Sales by region in %



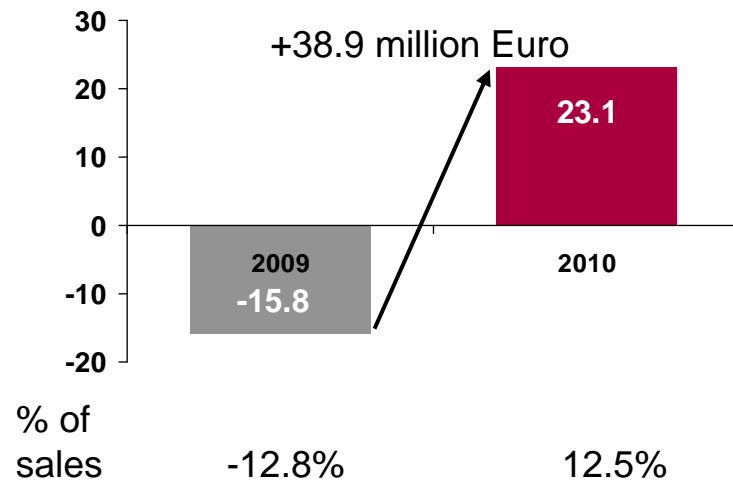
- Asia/Pacific: Highest growth in 2010 (12.8% of sales)
- Our top ten customers amounted to roughly 65% (2009: 68%) of sales
- The ten best selling products together came to roughly 42% (2009: 43%)

# FY 2010: 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)

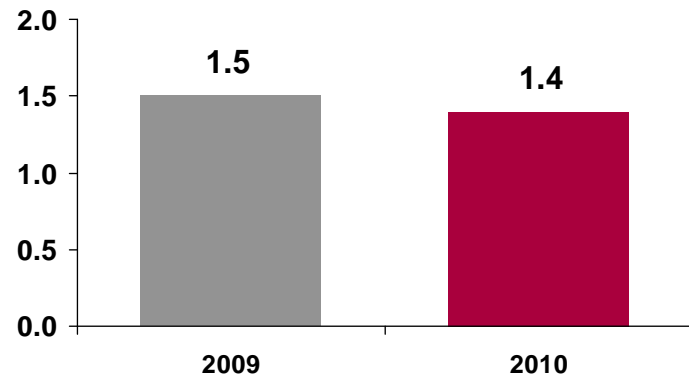
# FY 2010: EBIT / EBIT Margin



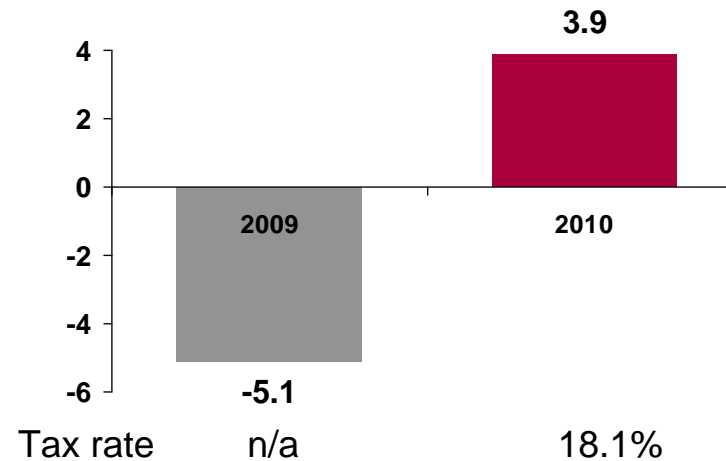
- Strong EBIT due to
  - Improved production performance
  - Increase of operational expenses lower than sales increase

# FY 2010: Net finance expenses and tax expenses

Net finance expenses (in million Euro)



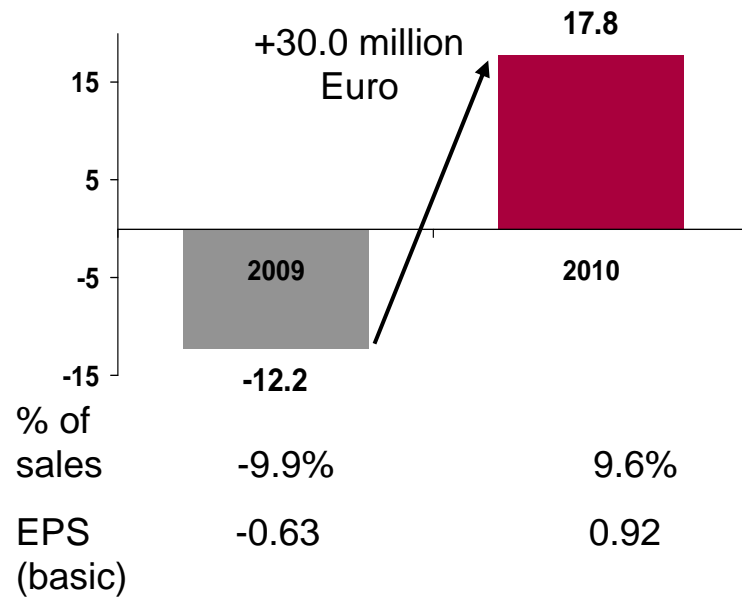
Tax expenses (in million Euro)



- 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

# FY 2010: Net result / Earnings per share

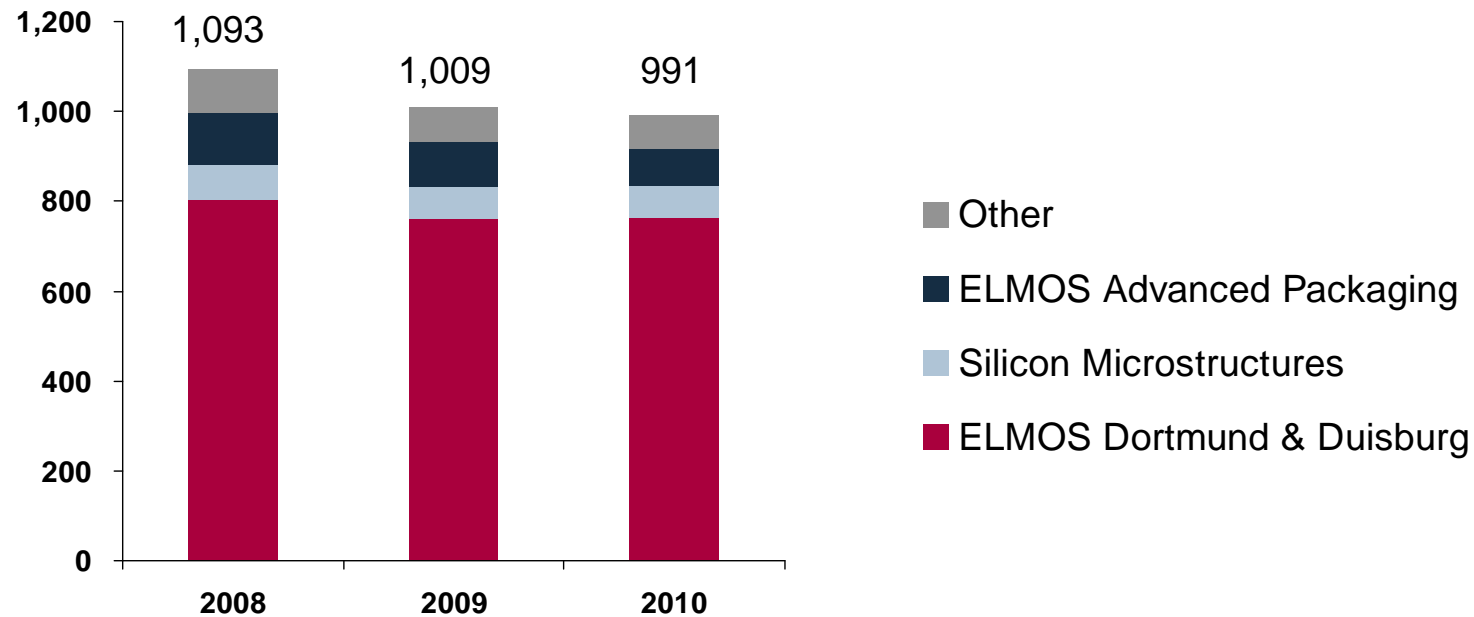


- Net result significantly improved
- Dividend of 0.20 Euro per share



# Employees

## ELMOS group (Dec. 31, 2010)



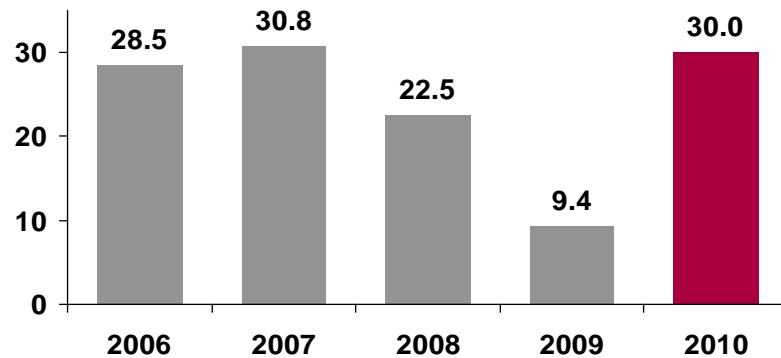
- Due to the sales of the special packaging activities 69 employees will not be recorded anymore from 2011 onwards



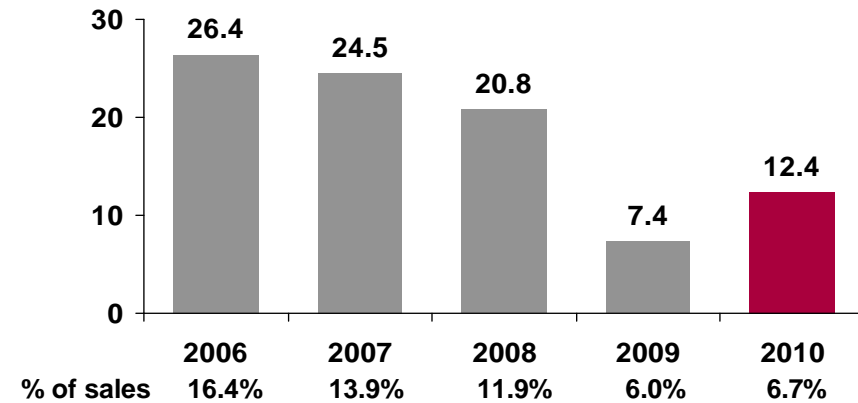
# FY 2010:

## Excellent cash flow generation ...

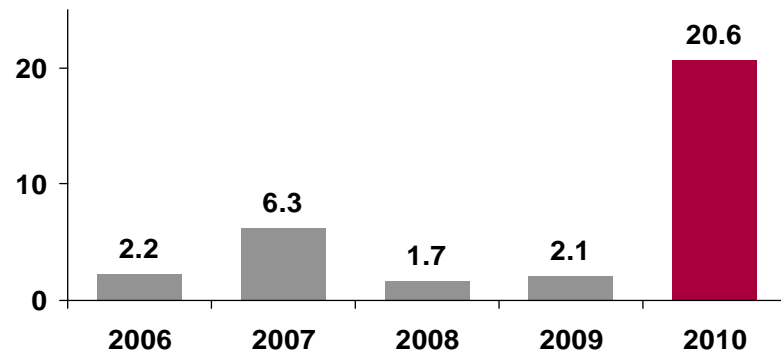
### Operating Cash flow



### Capital expenditures



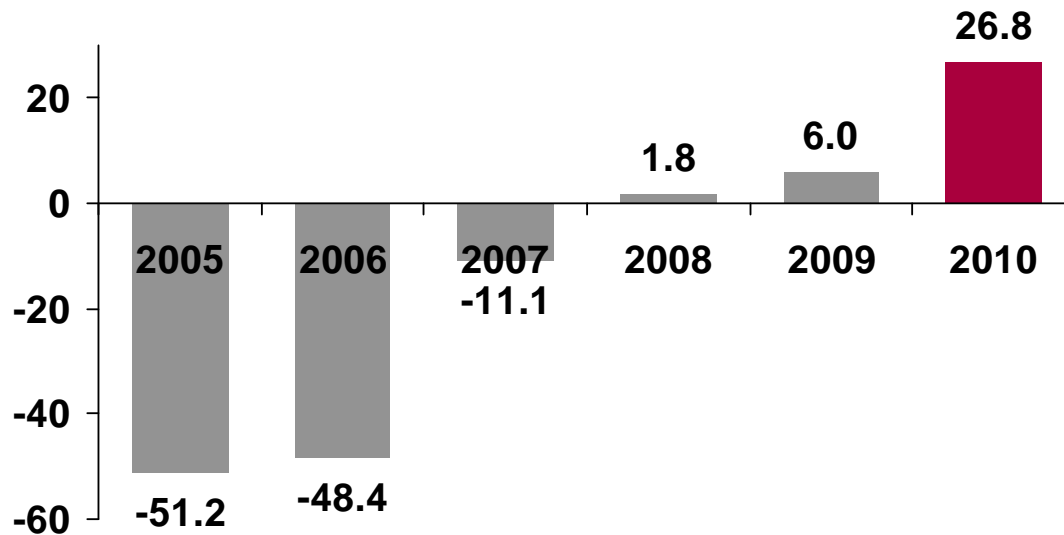
### Adjusted Free Cash flow\*



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

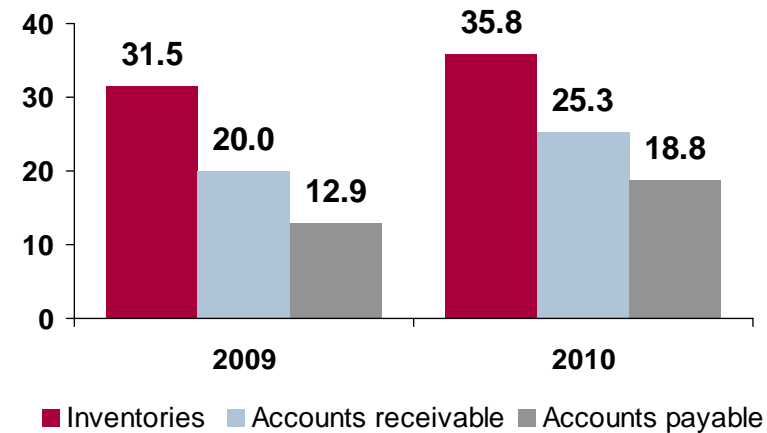
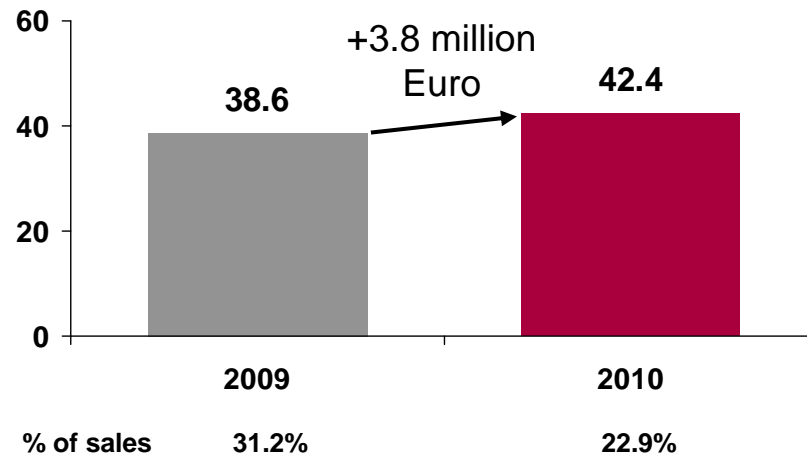
\* Cash flow from operating activities plus investments in marketable securities less capital expenditures

... leading to comforting net cash position



**Continuous improvements of cash position in crises and upswings**

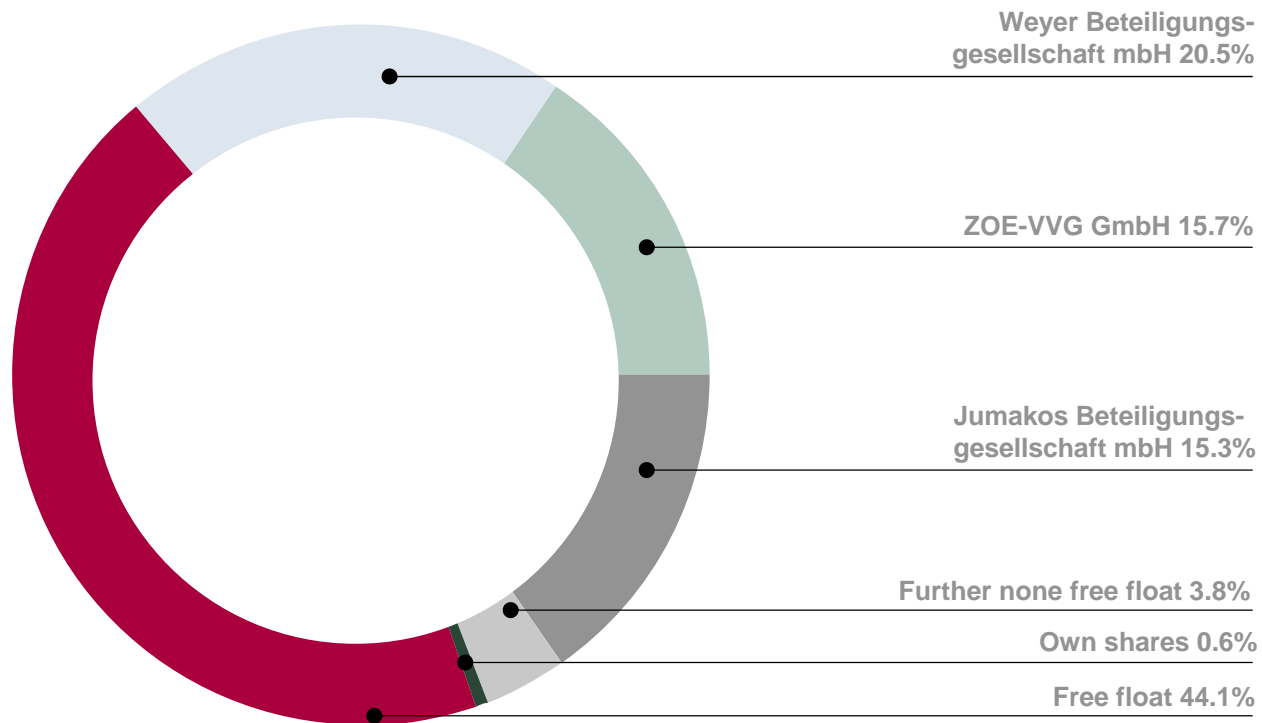
# FY 2010: Net working capital



- 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**

# Shareholder structure



Share capital: 19,414,205 Euro/shares

Dec. 31, 2010

November 2011

# 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
<b>Sales</b>	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
<b>EBIT</b>	23.1	-15.8	16.5	15.2	19.8
<b>Net income</b>	17.8	-12.2	10.6	8.8	10.7
<b>Earnings per share (Euro)</b>	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
<b>Free cash flow*</b>	12.5	3.9	10.3	29.4	8.6
<b>Adjusted free cash flow**</b>	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
<b>Total assets</b>	<b>249.2</b>	<b>221.7</b>
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
<b>Total equity and liabilities</b>	<b>249.2</b>	<b>221.7</b>

# Cash flow statement



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