

Press release

First-half sales ahead of forecast

- **Sales up 7 percent compared with first half of 2013**
- **Margins hurt by weak yen and start-up costs for new products**
- **Product portfolio enhanced by next generation of Hall switches and additional direct angle sensors**
- **Net sales of CHF 158 million and EBIT margin in lower single-digit percentage range expected for 2014 as a whole**

Zurich, July 22, 2014 – The worldwide automotive market performed well in the first half of 2014. Micronas, with its innovative Hall sensor and embedded controller products, benefited from the overall growth in sales and beat the revenue estimate it announced in April. Income, and therefore overall results, were negatively affected by the weakness of the yen and by temporary additional costs associated with the launch of new products on the 8-inch wafer line.

Consolidated net sales by the Micronas Group in the first half of 2014 increased to CHF 81.1 million, which is 7.4 percent higher than in the first half of 2013. The Company's gross margin for the first half of 2014 was 30.4 percent, compared with 30.2 percent in the first half of 2013. Operating profit (EBIT) came to CHF 3.3 million, or 4.1 percent of sales. Currency risk from yen-denominated sales was further reduced. During the first six months of the year 25 percent of sales to Japanese customers were invoiced in euros.

After the financial result and taxes, Micronas posted a profit of CHF 2.3 million for the first half of 2014. Earnings per share came to CHF 0.08. At end-June 2014 Micronas had cash, cash equivalents and short-term financial cash deposits of CHF 157.0 million. This is CHF 13.4 million lower than at the end of 2013, mainly because of the Company's higher investment in manufacturing facilities, including a new combined heat and power unit. During the first half of 2014, shareholders' equity fell by CHF 12.1 million from the end-2013 level to CHF 117.8 million owing to the adjustment of pension provisions to the lower interest rate levels. The equity ratio came to 39.3 percent.

"Micronas already offers the most comprehensive range of Hall sensors for automotive and industrial electronics," says Matthias Bopp, CEO of Micronas. "We enhanced our product portfolio in the first half of 2014 with a new generation of our established Hall switches and additional direct angle sensors."

The Automotive segment generated sales of CHF 75.6 million in the first half of 2014, which represents a rise of CHF 4.2 million, or 5.9 percent, on the first half of 2013. Operating profit (EBIT) came to CHF 3.2 million, or 4.2 percent of sales.

During the first six months of 2014, the worldwide automotive market, driven by China, the USA and Western Europe, registered positive growth compared with a year previously. There was a spike in sales in Japan in the first quarter prior to April's increase in the VAT rate. The increasing proportion of cars fitted with comfort and safety systems, and the related electrification of vehicles have led to greater complexity and increasing quality standards. This presents various challenges, which Micronas has addressed successfully. As a leading provider it supplies its worldwide customer base with high-quality Hall sensors e.g. for electronic throttle valves, electronic gas and brake pedals, electric power steering and clutch and gear controls.

The worldwide automotive industry is currently introducing the new ISO 26262 "Functional Safety" standard. At this year's Sensor+Test exhibition in Nuremberg, Micronas became the first company in the world to present a fully ISO 26262-compliant family of Hall switches in very small SOT23 packages for automotive applications. The HAL 15xy family is also notable for having the lowest power consumption on the market. Micronas developed its first Hall switch in 1993 and since then has supplied the car industry with more than 1.5 billion high-quality switches.

Micronas has further strengthened its excellent position in the market for Hall sensors with the announcement of the second generation of 3D HAL technology, which provides superior precision in measuring angles. This new family of direct angle sensors offers outstanding temperature stability, high resistance to air gap variations and magnet aging together with a wide range of diagnostic functions and effective protection circuitry. These 3D HAL sensors are used for measuring length as well as angles.

During the first six months of 2014, the Industrial segment achieved sales of CHF 5.5 million, which is 33.6 percent higher than in the first half of 2013. The segment made its first small operating profit of CHF 0.1 million during the first six months of 2014. This compares with EBIT of CHF -0.3 million a year previously.

Bernhard Huber, Vice President Sales, joined Micronas on April 1, 2014. Mr. Huber simultaneously took over management of and responsibility for the Industrial segment. He brings wide industrial experience and will help us grow the segment's sales of Hall sensors and embedded controllers.

Capacity utilization at the manufacturing facilities in Freiburg stood at around 85 percent in the first half-year. The highly efficient 8-inch wafer fab line produced runs of new products for the automotive and industrial markets alongside established products that have been in production for many years. The ongoing transition from the production of 150-mm (6-inch) wafers, which still dominates, to 200-mm (8-inch) production will in future allow much higher efficiency as well as an expansion in capacity in the existing clean-room areas.

The construction of the combined heat and power unit initiated last year progressed well. The unit, which became operational on schedule in July 2014 and which includes two redundant modules, can cover more than 30 percent of the Company's electricity requirements. Full use of the waste heat and cooling throughout the year directly on-site will allow the system to run at more than 90 percent efficiency, thus also contributing to security of supply.

Günter Hoppe, Chief Financial Officer of Micronas Group, is retiring after more than 17 years at the Company. We would like to thank Mr. Hoppe for his outstanding work and his many years of loyal dedication to Micronas. His successor, Daniel Wäger, will take up his role as Micronas Group's CFO on September 15, 2014. Mr. Wäger, 50, was previously Chief Financial Officer of Wärtsilä Switzerland Ltd. With his international experience he will make a very good addition to our management team.

Strong car sales in Japan and a restocking of inventories by our customers had a positive effect on sales in the first six months. Against this background, and based on the current yen-euro exchange rate, the Board of Directors and Management expect to see sales of around CHF 158 million for 2014 as a whole. The continuing weakness of the Japanese yen and the additional start-up costs for new products on the 8-inch line will continue to affect the Company's results in the second half of the year, so the EBIT margin is expected to remain in the lower single-digit percentage range.

About Micronas

Micronas (SIX Swiss Exchange: MASN) is known and recognized in the automotive and industrial business as a reliable global partner for intelligent, sensor-based system solutions. Micronas offers a variety of Hall sensors and embedded controllers for smart actuators for automotive and industrial applications, such as drive trains, chassis frames, engine management and convenience functions.

For further information

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Detailed financial information as well as the half-year report 2014 is available at: www.micronas.com

Note for financial analysts and journalists

A telephone conference call in ENGLISH will take place on Tuesday, **July 22, 2014**, at **11 a.m.** CET. Dial in on: **+41 44 580 00 69**. A recording of the conference call will be available at: www.micronas.com.

Disclaimer

This press release contains forward-looking statements, such as projections, forecasts and estimates. Such forward-looking statements are dependent on certain risks and uncertainties which may cause actual results, performance or events to differ materially from those anticipated in this press release. The forward-looking statements contained in this press release are based on Micronas' views and assumptions as of this date and Micronas does not assume any obligation to update or revise this press release. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

Micronas Group – Key data for first half-year 2014

Consolidated profit and loss statement	Q2/2014 CHF 1 000	Q1/2014 CHF 1 000	6 months 2014 CHF 1 000	6 months 2013 CHF 1 000
Net sales	40 897	40 193	81 090	75 478
Margin	13 279	11 383	24 662	22 827
Operating profit (EBIT)	2 406	884	3 290	2 589
EBITDA	5 163	3 755	8 918	8 368
Profit for the period	1 869	431	2 300	4 519
Earnings per share in CHF	0.07	0.01	0.08	0.15

Segment reporting	Q2/2014 CHF 1 000	Q1/2014 CHF 1 000	6 months 2014 CHF 1 000	6 months 2013 CHF 1 000
Automotive				
Net sales	38 273	37 279	75 552	71 333
Operating profit (EBIT)	2 264	923	3 187	2 861
Industrial				
Net sales	2 624	2 914	5 538	4 145
Operating profit/loss (EBIT)	142	-39	103	-272

Consolidated balance sheet	27.6.2014 CHF 1 000	29.3.2014 CHF 1 000	31.12.2013 CHF 1 000
Non-current assets	91 050	86 999	86 188
Other current assets	51 215	47 764	43 221
Cash, cash equivalents and short-term financial investments	157 756	166 318	173 742
Total assets	300 021	301 081	303 151
Equity	117 759	127 523	129 843
Long-term liabilities	160 057	148 748	150 207
Current liabilities	22 205	24 810	23 101
Total shareholders' equity and liabilities	300 021	301 081	303 151
Cash, cash equivalents and short-term financial cash deposits	156 981	164 380	170 407

Consolidated cash flow statement	Q2/2014 CHF 1 000	Q1/2014 CHF 1 000	6 months 2014 CHF 1 000	6 months 2013 CHF 1 000
Cash flow from operating activities	-965	-1 208	-2 173	73
Cash flow from investing activities	-4 907	-4 127	-9 034	-3 490
Cash flow from financing activities	-1 462	0	-1 462	-1 261
Change in cash, cash equivalents and short-term financial cash deposits	-7 399	-6 027	-13 426	-2 515

Orders on hand Book-to-bill	Q2/2014 CHF 1 000	Q1/2014 CHF 1 000	6 months 2014 CHF 1 000	6 months 2013 CHF 1 000
Orders on hand, beginning of period	51 629	48 125	48 125	43 451
Net sales	40 897	40 193	81 090	75 478
Order intake	36 811	44 013	80 824	79 502
Translation adjustment	-101	-316	-417	930
Orders on hand, end of period	47 442	51 629	47 442	48 405
Book-to-bill	0.90	1.10	1.00	1.05