

Press release

Sales and profit expectations for 2014 fulfilled – Distribution proposed – Share buy-back agreed

- **Sales up 4 percent on previous year**
- **Gross and EBIT margins reduced by temporary start-up costs for new products and by currency influences**
- **Proposal to distribute CHF 0.05 per registered share**
- **Board of Directors decides to carry out share buy-back worth up to CHF 20 million**
- **CHF 71 million in sales forecast for first half of 2015; percentage EBIT margin in mid-single digit range**

Zurich, February 26, 2015 – In the 2014 financial year, consolidated net sales at Micronas Group increased 4.3 percent on the previous year to reach CHF 158.5 million. After adjusting the sales figures to exclude the discontinued dashboard controllers, the increase was 8.1 percent. The main contributors to this growth were the Asia region with CHF 92.9 million of sales and 3.5 percent of the growth, and Europe with CHF 51.6 million and 2.1 percent. In Europe, thanks to a targeted strategic expansion of marketing and sales operations, sales growth excluding the old dashboard controllers came to more than 15 percent. The gross margin for the year under review was 31.8 percent of sales, compared with 32.2 percent in the prior year. A total of CHF 27.9 million was spent on research and development. As a percentage of sales, this R&D spending came to 17.6 percent. Operating profit (EBIT) was down from the previous year's CHF 8.1 million to CHF 6.4 million. This gives an EBIT margin for 2014 of 4.0 percent of sales, which is also slightly lower than the prior-year figure of 5.3 percent. Start-up costs for new products, as well as currency influences, had a negative effect on the gross and EBIT margins.

The changeover to euro-denominated invoicing for Japanese customers, which was initiated some years ago, progressed as planned. On average, 35 percent of Japanese sales were invoiced in euros in 2014; this share will be increased to around 75 percent over the next twelve months.

After the financial result and taxes, profit for the 2014 financial year came to CHF 3.4 million, compared with CHF 6.6 million in 2013. Earnings per share stood at CHF 0.12. On December 31, 2014, Micronas

reported cash, cash equivalents and short-term financial cash deposits of CHF 151.4 million, a change of CHF 19.0 million on the prior year. This fall is due on the one hand to the investment required for the 8-inch ramp-up in manufacturing areas, and on the other hand to the construction of a combined heat and power plant costing around CHF 5 million. Influenced by the adjustment of pension reserves to the lower level of interest rates, shareholders' equity fell CHF 20.1 million to stand at CHF 109.8 million at the end of 2014. This left the equity ratio at a still solid 36.9 percent.

"Micronas met its sales and profit forecasts for financial 2014," says Matthias Bopp, CEO of Micronas. "In addition to negative currency impacts, earnings were influenced above all by temporary start-up costs for new products, all of which were manufactured on the 8-inch line at the Freiburg production facility. For Micronas the switch from 6- to 8-inch production and the launch of new and innovative products are valuable steps towards long-term productivity gains and sustained margin improvements," Matthias Bopp explains.

The Automotive segment generated sales of CHF 147.8 million in the 2014 financial year, which is 2.9 percent up on 2013. After adjusting for changes in the euro-yen exchange rate, growth was 5.9 percent. Sales of our Hall sensor products were 5.7 percent higher than in the prior year, or 8.9 percent after adjusting for currency movements. Controller sales were lower overall owing to the discontinuation of the old dashboard controllers, but sales of our new embedded motor controllers were more than twice as high as in 2013. Operating profit (EBIT) for the Automotive segment, which was also influenced by start-up costs for new products, reached CHF 6.7 million in the year under review, or 4.5 percent of segment sales.

Micronas has the world's biggest portfolio of Hall sensor products for the automotive market. The range was further strengthened during the year under review with the addition of new products that will all be manufactured on our 8-inch line.

In 2014 sales by the Industrial segment increased by a pleasing 28.1 percent compared with the prior year, reaching CHF 10.7 million. The segment thus accounted for 6.7 percent of consolidated sales last year. Operating result (EBIT) came to CHF -0.3 million, which includes a one-time impairment of CHF 0.6 million on intangible assets.

With the aim of continuing the Industrial segment's development and thus building up a second main business, the internal focus, including in the gas sensor area, was optimized. Owing to the delay in the introduction of a new type of fire alarm, the segment is now concentrating more on supporting our key customers' other ongoing development projects.

Capacity utilization at the Freiburg manufacturing plant, which includes both front-end and back-end activities, stood at around 85 percent when calculated over the year as a whole. In terms of front-end operations, 2014 was marked by the move in volume production from the 6-inch to the 8-inch wafer

line. This transition will continue over the next few years. The efficiency gains produced by the 8-inch line result from the much higher number of chips that can be produced per wafer; the increase in process costs, meanwhile, is relatively small.

The Board of Directors will propose to the forthcoming Shareholders' Meeting that it distribute CHF 0.05 per registered share to Micronas shareholders for the fourth consecutive year. The Board of Directors has also decided to carry out a share buy-back worth up to CHF 20 million. The buy-back program starts in March 2015 and will end on December 31, 2016, at the latest. The shares purchased by the Company can either be used in conjunction with future acquisitions or for treasury management purposes.

"The ongoing electrification of motor vehicles will continue to drive demand for the highly efficient control and highly integrated sensor systems used in a growing number of applications," says Heinrich W. Kreuzer, Chairman of the Board of Directors of Micronas. "With the addition to our portfolio of the innovative products announced last year, and with the switch to 8-inch production, we firmly believe that we will increase our growth and earnings, and strengthen our position in the automotive electronics and industrial markets."

Following the removal of the minimum Swiss franc/euro exchange rate, the Board of Directors and Management expect sales of around CHF 71 million for the first half of 2015 based on a EUR/CHF rate of 1.05. Expressed in euros, this would represent sales growth of 2 percent compared with the first half of 2014. Owing to the conversion of money held in foreign currencies, a loss is expected at net profit level. The EBIT margin, still influenced by start-up costs for new products, should improve slightly on the year-back figure and is expected to be in the mid-single digit percentage range.

About Micronas

Micronas (SIX Swiss Exchange: MASN) the most preferred partner for sensing and control serves all major automotive electronics customers worldwide, many of them in long-term partnerships for lasting success. While the holding company is headquartered in Zurich (Switzerland), operational headquarters are based in Freiburg (Germany). Currently, the Micronas Group employs around 900 persons.

For further information

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Detailed financial information and the Annual Report 2014 are available at: www.micronas.com

Note for financial analysts and journalists

The analysts' and press conference in GERMAN will take place on Thursday, **February 26, 2015**, at **10 a.m.** Venue: **Novotel Zurich City-West**, Schiffbaustrasse 13, 8005 Zurich. An English translation of the Management presentation delivered at the analysts' and press conference is 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 fourth quarter and financial year 2014

Consolidated profit and loss statement	Q4/2014 CHF 1 000	Q3/2014 CHF 1 000	12 months 2014 CHF 1 000	12 months 2013 CHF 1 000
Net sales	38 825	38 535	158 450	151 919
Margin	13 234	12 475	50 371	48 974
Operating profit (EBIT)	1 424	1 678	6 392	8 082
EBITDA	4 656	4 486	18 060	19 415
Profit for the period	355	793	3 448	6 635
Earnings per share in CHF	0.01	0.02	0.12	0.23
Segment reporting	Q4/2014 CHF 1 000	Q3/2014 CHF 1 000	12 months 2014 CHF 1 000	12 months 2013 CHF 1 000
Automotive				
Net sales	36 521	35 702	147 775	143 584
Operating profit (EBIT)	2 030	1 479	6 696	9 140
Industrial				
Net sales	2 304	2 833	10 675	8 335
Operating profit/loss (EBIT)	-606	199	-304	-1 058
Consolidated balance sheet		31.12.2014 CHF 1 000	26.9.2014 CHF 1 000	31.12.2013 CHF 1 000
Non-current assets		95 892	94 442	86 188
Other current assets		49 658	51 797	43 221
Cash, cash equivalents and short-term financial investments		152 149	154 591	173 742
Total assets		297 699	300 830	303 151
Equity		109 762	108 435	129 843
Long-term liabilities		167 715	169 454	150 207
Current liabilities		20 222	22 941	23 101
Total shareholders' equity and liabilities		297 699	300 830	303 151
Cash, cash equivalents and short-term financial cash deposits		151 361	154 050	170 407
Consolidated cash flow statement	Q4/2014 CHF 1 000	Q3/2014 CHF 1 000	12 months 2014 CHF 1 000	12 months 2013 CHF 1 000
Cash flow from operating activities	2 789	2 614	3 230	10 597
Cash flow from investing activities	-5 065	-4 991	-19 090	-10 257
Cash flow from financing activities	12	87	-1 363	-1 261
Change in cash, cash equivalents and short-term financial cash deposits	-2 689	-2 931	-19 046	510
Orders on hand Book-to-bill	Q4/2014 CHF 1 000	Q3/2014 CHF 1 000	12 months 2014 CHF 1 000	12 months 2013 CHF 1 000
Orders on hand, beginning of period	47 219	47 442	48 125	43 451
Net sales	38 825	38 535	158 450	151 919
Order intake	40 797	38 661	160 282	155 938
Translation adjustments	-185	-349	-951	655
Orders on hand, end of period	49 006	47 219	49 006	48 125
Book-to-bill	1.05	1.00	1.01	1.03