

Press release

Positive net result in demanding market environment

- **Number of Hall sensors sold improves by 6 percent**
- **Sales, gross margin and EBIT margin hurt badly by weakness of yen**
- **Profit for the period reaches CHF 7 million**
- **Proposal to distribute CHF 0.05 per registered share to Micronas shareholders**
- **Net sales of CHF 78 million and EBIT margin in the lower single-digit percentage range expected for first half of 2014**

Zurich, February 20, 2014 – Micronas performed well in a demanding market environment in 2013. Despite the persistent weakness of the yen and continuing volatility in the car industry, the Company was able to strengthen its leading position in the market for Hall sensors used in automotive electronics. Consolidated net sales by the Micronas Group came to CHF 151.9 million in the 2013 financial year, compared with CHF 168.5 million in the previous year. The figures for the 2012 financial year included CHF 5.3 million from the final sales of consumer products. Excluding this consumer revenue, the fall in sales would have been 6.9 percent. The main reason for this decline was the continuing weakness of the yen. As a result, the gross margin for the year under review was 32.2 percent of sales, compared with 40.1 percent in the prior year. Spending on research and development came to CHF 27.8 million, or 18.3 percent of sales. Operating profit (EBIT) came to CHF 8.1 million, compared with CHF 24.2 million in 2012. The EBIT margin was down from 14.4 percent in 2012 to 5.3 percent of sales.

After the financial result and taxes, profit came to CHF 6.6 million, compared with CHF 19.3 million in the prior year, though it should be noted that the 2012 profit included a tax credit of CHF 6.2 million. Earnings per share came to CHF 0.23. As at the end of December 2013, Micronas held cash, cash equivalents and short-term financial cash deposits of CHF 170.4 million, which is approximately the same as a year previously. With shareholders' equity up 3.4 percent to CHF 129.8 million, the equity ratio improved year-on-year to 42.8 percent.

"We're pleased that Micronas was again able to increase the number of Hall sensor products sold – by 6 percent compared with the previous year," says Heinrich W. Kreutzer, Chairman of the Board of Directors of Micronas.

The cost-saving measures announced in February 2013 have been implemented successfully, and the proportion of invoices sent to Japanese customers in euros – to reduce exposure to exchange rate fluctuations – is rising steadily. However, these measures could not compensate fully for the negative impact on the business performance of the continuing fall in the value of the Japanese yen.

Sales in the Automotive segment came to CHF 143.6 million in the 2013 financial year, which is 8.5 percent down on 2012. Final sales of several discontinued dashboard controller platforms meant that dashboard controller sales figures could be maintained at the prior-year level. The embedded controller product line launched in 2012 reached the million units mark during the year under review. EBIT came to CHF 9.1 million, compared with CHF 25.5 million in 2012, giving an EBIT margin for the 2013 financial year of 6.4 percent.

As in 2012, the worldwide automotive market was marked by variations between regions in 2013. In Western Europe, registrations were down again on the previous year, though there was some improvement in the second half. The large Chinese and US markets once again posted strong year-on-year growth in 2013. In Japan, however, fewer cars were sold than in the impressive prior year. Nevertheless, Micronas further increased unit sales in its core business, Hall sensors. This increased unit volume did not have as much impact as it might on the Automotive segment's sales figures, however, owing to the continuing fall in the value of the Japanese yen. In order to maintain its leading market position in Hall sensors for automotive electronics, Micronas is focusing primarily on the growing number of applications that address the megatrends of environmental protection and safety.

Over the course of the financial year, the Company's research and development team took various products through to the point where they could be handed over for production. All of these product developments were already based on 8-inch technology, helping the Company make its ongoing transition from 6 to 8 inch. The move from the 6-inch to the 8-inch line is making Micronas much more efficient and allowing a significant increase in capacity in existing clean-room areas.

Until now, Micronas has pursued research and development work in three locations – Freiburg and Munich in Germany, and Villach in Austria. It was decided to concentrate these activities at the two German sites, so development work was halted in Villach at the end of 2013

The Industrial segment, reporting for the first time in 2013, saw sales go up to CHF 8.3 million for the year. This is 35.9 percent higher than the previous year's figure. All of these sales are currently being generated by the Hall sensor product families. In the Industrial segment Micronas continues to invest

heavily in the development and marketing of mySENS technology, which led to a slightly negative operating result of CHF -1.1 million. However, the operating loss was less than half as big as in 2012.

With its portfolio of gas sensor products, based on mySENS technology, Micronas is aiming mainly at the market for fire alarms, where it is already working in cooperation with various key customers. mySENS technology helps them produce smaller fire alarms that offer greater protection from false alarms than current systems. The market launch of these new-generation fire alarms, and consequently the volume production of gas sensors, has been delayed by standardization issues.

Capacity utilization at the manufacturing facilities in Freiburg was slightly below 75 percent in the first quarter. Over the course of the rest of the year, this figure went up to 80 percent. Short-time work, which had been introduced in some areas of the Freiburg plant in February, was stopped again at the end of April 2013.

In the face of rising energy costs and to protect against grid fluctuations, Micronas decided to set up a combined heat and power unit with two redundant modules at the Freiburg site. This further move toward a partially independent energy supply, together with the Company's existing photovoltaic system, will help reduce the overall energy bill. Installation of the system began in January 2014, and the unit should become operational in the middle of this year.

For the third year in a row the Board of Directors is proposing to the forthcoming Shareholders' Meeting that it distribute CHF 0.05 per registered share from the capital contribution reserve to Micronas shareholders.

"Demand for electronics in the automotive and industrial sectors continues to rise steadily, leading to increased use of our Hall sensors and embedded controllers, and thus to further growth," says Matthias Bopp, CEO of Micronas. "Micronas will remain fully committed to quality and dependable delivery, while expanding its excellent product portfolio, in order to reinforce its leading worldwide position in the market."

The CFO of Micronas, Günter Hoppe, is due to retire soon, so the Board of Directors has initiated the search for a successor well in advance. Mr. Hoppe, CFO since December 2009, could step down as early as this year but at the latest when he reaches the statutory retirement age in around two years time.

In the year just begun, signs are that the variations in the performance of the world's automotive markets are set to continue. The growth regions are still China and the USA, while Europe, having bottomed out, is staging a slight recovery. There is no sign that the yen will strengthen significantly against the euro.

Based on a YEN-EUR rate of 140, the Board of Directors and Management expect to see sales of around CHF 78 million for the first half of 2014. The EBIT margin is expected to be 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 and the Annual Report 2013 are available at: www.micronas.com

Note for financial analysts and journalists

The analysts' and press conference in GERMANY will take place on Thursday, **February 20, 2014**, at **10 a.m.** Venue: **Hotel Savoy**, Paradeplatz, 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 2013

Consolidated profit and loss statement	Q4/2013 CHF 1 000	Q3/2013 CHF 1 000	12 months 2013 CHF 1 000	12 months 2012 CHF 1 000
Net sales	37 418	39 023	151 919	168 465
Margin	12 403	13 744	48 974	67 502
Operating profit (EBIT)	2 294	3 199	8 082	24 229
EBITDA	4 982	6 065	19 415	35 478
Profit for the period	-477	2 593	6 635	19 294
Earnings per share in CHF	-0.01	0.09	0.23	0.66
Segment reporting	Q4/2013 CHF 1 000	Q3/2013 CHF 1 000	12 months 2013 CHF 1 000	12 months 2012 CHF 1 000
Automotive				
Net sales	35 534	36 717	143 584	156 993
Operating profit (EBIT)	2 799	3 480	9 140	25 520
Industrial				
Net sales	1 884	2 306	8 335	6 135
Operating loss (EBIT)	-505	-281	-1 058	-2 933
Consolidated balance sheet		31.12.2013 CHF 1 000	27.9.2013 CHF 1 000	31.12.2012 CHF 1 000 restated ¹
Non-current assets ¹		86 188	84 404	85 503
Other current assets		43 221	45 363	39 884
Cash, cash equivalents and short-term financial investments		173 742	173 265	172 389
Total assets		303 151	303 032	297 776
Equity ¹		129 843	132 144	125 607
Long-term liabilities ¹		150 207	147 615	147 984
Current liabilities		23 101	23 273	24 185
Total shareholders' equity and liabilities		303 151		297 776
Cash, cash equivalents and short-term financial cash deposits		170 407	170 476	169 897
¹ Restated due to the revised IAS 19 standard.				
Consolidated cash flow statement	Q4/2013 CHF 1 000	Q3/2013 CHF 1 000	12 months 2013 CHF 1 000	12 months 2012 CHF 1 000
Cash flow from operating activities	3 954	6 571	10 597	23 594
Cash flow from investing activities	-4 192	-2 576	-10 257	-7 637
Cash flow from financing activities	0	0	-1 261	-1 484
Change in cash, cash equivalents and short-term financial cash deposits	-69	3 094	510	13 731
Orders on hand	Q4/2013 CHF 1 000	Q3/2013 CHF 1 000	12 months 2013 CHF 1 000	12 months 2012 CHF 1 000
Book-to-bill				
Orders on hand, beginning of period	46 936	48 405	43 451	47 544
Net sales	37 418	39 023	151 919	168 465
Order intake	38 502	37 934	155 938	164 690
Translation adjustment	105	-380	655	-318
Orders on hand, end of period	48 125	46 936	48 125	43 451
Book-to-bill	1.03	0.97	1.03	0.98