

Press release

Micronas improves operating results in second quarter and now expects to break even for the year as a whole

- **Micronas continued to consolidate its position in the second quarter**
- **With sales growth of 4 percent and a CHF 5.3 million rise in EBIT compared with the previous quarter, Management expectations have been exceeded**
- **Automotive sales were up 5.7 percent, while Consumer sales remained at the previous quarter's level**
- **The outflow of cash in operating areas was stopped in the first half year**
- **For 2010 as a whole, the Board of Directors and Management expect the Company to break even, with an EBIT margin of between 5 and 7 percent**

Zurich, July 20, 2010 – The Micronas Group's consolidated net sales for the second quarter of 2010 came to CHF 49.3 million, slightly higher than for the previous quarter (+4.0 percent), thanks to the improvement in Automotive sales. Operating profit (EBIT) was CHF 5.3 million higher than in the first quarter at CHF 6.1 million. This means that for the second quarter in a row, actual results exceeded the forecasts made by Micronas Management.

After taking financial expense and income into account, there was a loss of CHF 0.4 million for the second quarter, compared with a loss of CHF 3.9 million in the previous quarter. This resulted in earnings per share of CHF -0.01. On June 25, 2010, Micronas held cash and cash equivalents of CHF 167.9 million, which is CHF 11.2 million lower than on March 26, 2010. CHF 12.1 million of this went on restructuring costs. The outflow of cash in operating areas has already been stopped in the first half of 2010. The equity ratio is 39.0 percent on shareholders' equity of CHF 117.8 million.

"Micronas is continuing to consolidate in the second quarter," says Micronas CEO Matthias Bopp. "Benefiting from measures initiated by the Board of Directors and the Management at the start of the year as well as from higher sales, we were able to improve again the operating result."

The Automotive division's sales were up 5.7 percent on the previous quarter to CHF 42.4 million. Operating profit came to CHF 4.3 million, representing an increase of CHF 3.4 million on the first

quarter. The costs associated with not completely utilized manufacturing capacity are still charging the operating result by CHF 2.9 million.

The automotive market is very heterogeneous at the moment. While the tailing-off of stimulation programs in Europe is having a noticeable effect, the market continues to grow in the USA. Sales were higher year-on-year for each of the first five months of 2010. Positive growth trends are also evident in Japan. In China, the automotive market continues to grow strongly, though the pace of expansion is slowing slightly. In 2010, China remains by far the biggest market for cars, followed by the USA and Japan. The premium car segment in China is growing especially fast, which is benefiting German car manufacturers in particular.

In May 2010, Micronas delivered the 500 millionth linear Hall sensor in the HAL 8xy family. Hall sensors are suitable for contactless and wear-free capture of linear and angular measurements. The HAL 8xy family is mainly used in cars to control throttle valves and adjust headlights, as well as in electrical power steering systems and fuel level measurement. The success of these linear Hall sensors is based on their programmability via an EEPROM (Electrically Erasable Programmable Read-Only Memory) within the chip itself, and their resistance to a wide range of temperatures from -40 to 170 degrees Celsius.

Sales by the Consumer division came to CHF 6.9 million, compared with CHF 7.3 million in the previous quarter. The division's operating profit for the second quarter was CHF 1.8 million.

Utilization of production capacity at our Freiburg site was above 70 percent in the second quarter thanks to increasing demand for sensors, as well as residual volumes of Consumer production. The short-time working imposed during the second quarter was lifted at the end of June in Freiburg for the holiday months of July and August.

The Board of Directors and Management of Micronas believe that the successful restructuring and the associated strategic focus on the Automotive segment with two product lines – Hall-effect sensors and embedded microcontrollers – will continue to improve the Company's profitability. For 2010 as a whole, the Board of Directors and Management expect the Company to break even, with an EBIT margin of between 5 and 7 percent.

About Micronas

Micronas (SIX Swiss Exchange: MASN), a semiconductor designer and manufacturer with worldwide operations, is a leading supplier of cutting-edge sensor and IC system solutions for automotive electronics. Micronas offers a wide range of Hall-effect sensors and embedded microcontrollers for automotive and industrial applications, for instance in drive trains, chassis frames, engine management and in convenience functions.

For further information

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Detailed financial information is available at: www.micronas.com

Note for financial analysts and media representatives

The respective conference call which will be held in English takes place on Tuesday, **July 20, 2010**, starting at **11 a.m.**, CET. Dial-in number: **+41 58 262 07 31**.

Calling Instructions for your OPERATOR ASSISTED Conference:

1. Dial in
2. The PIN-Code is necessary only upon request (996683)
3. You will be greeted by an operator
4. The operator will inform you, when to start your conference

During the conference, all participants will be in listen only mode. Participants who would like to ask a question press *14 on the phone. Participants press *15 to pull back a question from the question queue. The operator will accompany each questioner into the conference. When the question is answered, the questioner will be placed back into listen only mode.

A recorded version 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 second quarter and first half-year 2010

Consolidated profit and loss statement	Q2/2010 CHF 1 000	Q1/2010 CHF 1 000	6 months 2010 CHF 1 000	6 months 2009 CHF 1 000
Net sales	49 269	47 372	96 641	144 539
Margin	14 485	11 753	26 238	13 337
Operating profit/loss before restructuring	4 504	1 829	6 333	-51 996
Operating profit/loss (EBIT)	6 136	755	6 891	-156 866
EBITDA	13 129	8 211	21 340	-134 954
Loss for the period	-370	-3 892	-4 262	-157 932
Earnings per share in CHF	-0.01	-0.13	-0.14	-5.37
Segment reporting	Q2/2010 CHF 1 000	Q1/2010 CHF 1 000	6 months 2010 CHF 1 000	6 months 2009 CHF 1 000
Automotive				
Net sales	42 385	40 115	82 500	61 004
Operating profit/loss (EBIT)	4 287	937	5 224	-5 571
Book-to-Bill	1.29	1.19	1.24	0.76
Consumer				
Net sales	6 884	7 257	14 141	83 535
Operating profit/loss before restructuring	217	892	1 109	-46 425
Operating profit/loss (EBIT)	1 849	-182	1 667	-151 295
Consolidated balance sheet		25.6.2010 CHF 1 000	26.3.2010 CHF 1 000	31.12.2009 CHF 1 000
Non-current assets		83 356	95 472	105 304
Other current assets		50 445	52 439	50 755
Cash, cash equivalents and short-term financial investments		167 966	179 475	189 565
Total assets		301 767	327 386	345 624
Equity		117 752	121 595	127 043
Long-term liabilities		139 879	148 532	156 394
Current liabilities		44 136	57 259	62 187
Total shareholders' equity and liabilities		301 767	327 386	345 624
Net cash		167 966	179 475	189 565
Consolidated cash flow statement	Q2/2010 CHF 1 000	Q1/2010 CHF 1 000	6 months 2010 CHF 1 000	6 months 2009 CHF 1 000
Cash flow from operating activities	-5 401	-3 139	-8 540	-92 792
Cash flow from investing activities	1 033	-402	631	-4 650
Cash flow from financing activities	-1 674	-1 746	-3 420	-3 577
Change in cash and cash equivalents	-11 199	-9 370	-20 569	-96 786
Orders on hand book-to-bill	Q2/2010 CHF 1 000	Q1/2010 CHF 1 000	6 months 2010 CHF 1 000	6 months 2009 CHF 1 000
Orders on hand, beginning of period	59 646	55 776	55 776	77 722
Net sales	49 269	47 372	96 641	144 539
Order intake	63 735	53 514	117 249	140 022
Orders on hand cancellations ¹	0	0	0	26 631
Translation adjustment	-3 974	-2 272	-6 246	1 438
Orders on hand, end of period	70 138	59 646	70 138	48 012
Book-to-bill	1.29	1.13	1.21	0.97

¹Due to the sale of certain product lines of the Consumer division to Trident