

Preface by the Management Board

Dear shareholders, customers and employees,
ladies and gentlemen



2013 was a transition year for ams. While our strategy as a sensor and analog company remains unchanged we decided to create a new definition and goal for ams given the importance of sensor technologies and the majority of our business already being sensor-related. Our aim is to become the leading sensor solutions provider worldwide, focused on the multitude of applications where sensors are used, or will be used to re-shape and improve our daily life. We have started several internal projects last year to adapt our organization and align our product strategies to this goal and are very excited about the path we are pursuing.

The development of our business in 2013 was impacted by the delay of several major projects at important consumer OEMs. Customers pushed out expected ramp-ups by several quarters and into the current year, forcing us to lower our expectations for the year in June of last year. As a result, 2013 revenues came in slightly below the previous year's level but gross margin remained unchanged from the year before, thus demonstrating the strength of our business model.

Our consumer and communications business was again the largest revenue contributor despite recording a decrease in revenues in 2013. Product innovations strengthened our market position as a major supplier to smartphone, tablet PC and mobile device OEMs.

We are the leading provider of advanced light sensors worldwide and shipped very high volumes of ambient light and proximity sensors for a wide range of consumer devices last year. 2013 showed a trend towards RGB color sensors enabling improved analysis of the lighting environment for sophisticated display management in smartphones and tablet PCs. Creating an important new content opportunity for mobile devices, we launched an innovative gesture sensor solution last year. The compact module combines high resolution gesture sensing with RGB color sensing, proximity sensing, and mobile coupon redemption in a minimized footprint. The solution has been shipping in volume for several months and, based on multiple design-ins, we expect to benefit strongly from the adoption of gesture sensing in smartphones going forward. In our MEMS microphone IC business, we were again successful last year with over 1.6 billion units shipped and remain market leader in this dynamic market. In power management solutions, we benefitted from the growth in action camera systems while supporting a graphics processor vendor's mobile platforms offers attractive opportunities.

Our wireless business for RFID and NFC solutions providing contactless communication developed positively last year, but still fell short of expectations. Particularly the market for NFC payment hardware solutions did not show the expected momentum in 2013. We are, however, convinced that our innovative antenna booster solution for NFC mobile transactions and our world class NFC expertise will drive substantial revenue contributions in the second half of 2014 and the following years. Besides this, we see a large number of new sensor applications in consumer and communications devices, which offer exciting potential to apply our sensor solutions expertise.

Our industrial, medical and automotive business showed solid results in 2013 driven by its diverse range of end markets and strong customer relationships. Industrial product lines saw improving demand in the second half of 2013 supporting our leading market position in industrial sensors, position measurement and building control. We recorded another successful year in medical applications for sensor and interface solutions, centered on medical imaging including computed tomography (CT), digital X-ray, mammography, and ultrasound. Our automotive business was a major area of growth in 2013 given the expanding use of advanced sensors in vehicles and continued good automotive demand. New safety systems and more electronic applications provide large volume opportunities for ams going forward.

In our high quality supply chain we combine in-house capacity with resources at manufacturing partners to create a robust platform for volume applications. Our production capacity remained at highest utilization rates last year. We see further capacity needs emerging from our development pipeline and have therefore decided to evaluate the acquisition of additional wafer fab assets outside Europe. In the near term, we are also investing in our in-house wafer fab to increase capacity and allow critical process advances to further our competitive advantage. The investment in our advanced 3D packaging line was successfully completed last year with product sampled to several mobile device customers, and we expect first revenues in the second half of 2014. Committed to responsible business practices we realized further energy efficiency improvements in 2013 and remain focused on our goal of becoming fully carbon neutral.

We maintained high levels of investment in R&D and added R&D resources to support a very substantial development and design-in pipeline. We also made focused investments in sales, predominantly in Asia, to drive key account penetration at very large OEMs.

Based on our dividend policy we will propose a dividend of EUR 1.04 per share or 25% of the net result for 2013. Our financial position is stronger than ever and supported by continuing high cash flow generation.

The Supervisory Board again offered constructive support for our activities and backed our strategic initiatives. We would like to thank our customers, partners, shareholders and, above all, the people of ams. Their commitment and creativity remain the key drivers of our success.

We are confident about the significant growth opportunities for ams in 2014 and the coming years, driven by our sensor solutions know-how, pipeline of innovation, and excellence in design and manufacturing.



Kirk Laney
CEO



Michael Wachsler-Markowitsch
CFO

Preface by the Supervisory Board

Dear shareholders, ladies and gentlemen

In 2013, our company has pursued opportunities for growth and made crucial investments whose commercial potential did not translate directly into financial results. These investments form the basis of our future growth, both in revenues and profitability. The technological advances in developing our specialty manufacturing processes, the industrialization of our TSV (Through Silicon Via) 3D packaging technology, our growing market presence in the US and Asia, establishing our position in the market for Near Field Communication (NFC) and the market breakthrough of our gesture recognition sensors are examples of a multitude of milestones marking the development of our group.

ams successfully made the step to a globally recognized specialist for high performance analog solutions and will continue to expand its expertise and presence in the fast growing market for sensor solutions.

Over the last year, the Supervisory Board worked closely with the Management Board and the company's management in seven Supervisory Board meetings and numerous committee meetings. In addition to the statutory responsibilities of the Supervisory Board, our main tasks also included supporting the company's strategic positioning, selecting executive managers, handling succession planning within the Management Board and sharing experiences and know-how with ams' management. I would like to thank all my colleagues for the time and hard work they have invested contributing to the future success of ams. Attendance of members at Supervisory Board and committee meetings of nearly 100% reflects the strong commitment of our shareholder and employee representatives.

2013 saw changes in the Management Board and Supervisory Board of ams. After 11 years in office, John Heugle stepped down as CEO. His dynamic approach and exceptional commitment to our clients, employees and shareholders were decisive factors in the profitability, product portfolio and global presence of ams. Guido Klestil took his leave after 26 years as Chairman of the Supervisory Board. His strategic vision, prudent leadership and firm belief in the potential of ams were critical to the successful development of our company. The Supervisory Board would like to thank both gentlemen for the time and energy they so successfully invested in ams over the years.

On behalf of the Supervisory Board and as a shareholder representative, I would also like to thank management for its untiring efforts. A special thanks goes to all our employees for their contribution towards the success of ams. They ensure that our clients, shareholders and business partners continue to place their trust in ams' products and solutions.



Hans Jörg Kaltenbrunner
Chairman of the Supervisory Board

Our Company



Company and Strategy

Our vision

The ams vision is to enrich lives by creating a seamless experience between people and technology. The most natural sensors are the human senses, so ams' "technology as nature intended" enhances our lives by making us more responsive and in-tune to the world around us.

Nature is the inspiration behind the work of every ams engineer. It fuels their creativity in developing unique products. The sensor solutions we create provide the crucial link between technology and people, enabling products that are smarter, safer, easier to use and more environmentally friendly.

Our company and strategy

From our vehicles to our homes, offices, personal devices and more, most of us already are exposed to and surrounded by sensors. Sensor functionality has evolved in important ways. We rely on sensors to help conserve battery power; recognize ambient light, motion and gestures; increase safety; and measure changes in temperature and blood glucose levels.

Sensors also play a key role in increasing safety, precision and image resolution for many advanced industrial, automotive and medical applications. When combined with NFC and RFID, sensor technologies also offer an ideal solution for new forms of payment, tracking, and time-stamping data.

Our mission is to shape the world with sensor solutions. ams is a global leader in both the design and manufacture of advanced and highly efficient analog sensor solutions. ams sensors enable our customers to create differentiated products that literally are changing the world.

Our high-performance analog products fuel applications requiring extreme precision, dynamic range, sensitivity, and ultra-low power consumption. ams' products include sensors (including optical sensors), sensor interfaces, power management integrated circuits (ICs) and wireless ICs for the consumer, industrial, medical, mobile communications and automotive markets.

Our Talent

The people of ams are the company's greatest asset. We strive to attract and retain the best and brightest talent in the industry. We foster a culture that embraces diverse, highly creative, innovative and unconventional thinkers. The creativity and ingenuity of our teams allows us to be at the leading edge of analog and semiconductor design and manufacturing worldwide. We continuously push our technology boundaries to new heights. ams innovation also stems from its global mindset: our staff of more than 1,400 people in 20 countries includes research and development facilities in Austria, a center of excellence in optical sensors in Texas (USA), seven other design centers, and manufacturing in Austria and the Philippines.

Corporate Responsibility

Ethical, professional practices and environmental responsibility are fundamental principles guiding ams' business approach. ams is part of the UN Global Compact, the world's largest corporate initiative for responsible business and sustainability. With more than 10,000 participants in 130 countries, the UN Global Compact is committed to human rights, just labor standards, environmental protection, and anti-corruption measures.

With its dedication to protecting the environment and the sustainability of resources, ams is committed to significantly reducing its carbon emissions and achieving a zero carbon footprint over the coming years. ams promotes efficient energy use throughout its operations, where innovative methods for reducing electricity and gas consumption bring about both environmental and cost benefits. ams remains a pioneer in environmental certification and is ISO 14001 certified for its locations in Unterpremstätten, Austria, and Calamba, Philippines.



Our Business

At ams, we focus on providing advanced sensor and analog solutions for high value and emerging markets including the following:

Consumer and Communications
Industrial, Medical, Automotive

Consumer and Communications

As a global leader in high-performance sensor and analog designs, ams understands the evolving demands of the consumer electronics and communications market - the need for creating a seamless connection between people and devices, continuously improving the user experience and making the interaction with devices richer and more intuitive.

To address this need, we deliver a broad range of innovative technology solutions for consumer electronics and communication device manufacturers including intelligent light sensors, MEMS microphone ICs, NFC solutions, active noise-cancelling ICs, ultra-low power management solutions, and more.

ams' sensor technology is at forefront of innovation by delivering extreme precision, dynamic range, sensitivity, and ultra-low power consumption, all of which extend the ability to seamlessly interact with communication devices. Ambient light and proximity detection sensors are used today in hundreds of millions of smartphones, tablets, laptop computers and other communication devices to improve the overall user experience and extend battery life. Benefits and functions include enabling the automatic adjustment of the display brightness under varying lighting conditions; disabling the display when the user is taking incoming or making outgoing calls; and simplifying the human interface to machines with touchless technology.

ams' RGB color sensors deliver full analysis of the light spectrum and color temperature, enabling the ultimate viewing experience with more vibrant and realistic display images while maximizing energy conservation. Color sensors also support solutions for color discrimination, determination and measurement. These RGB sensors are used in a wide variety of applications such as color feedback control in solid-state illumination and RGB backlight systems, and color adjustment in printer, industrial process quality controls and portable medical diagnostic systems.

Sensor-driven lighting, another ams specialty, will be driving many of the major light sensor applications for the future in smart industrial and home lighting. The scope of upcoming large-scale applications ranges from harvesting daylight for energy-efficient illumination of indoor spaces to seamlessly adapting workspace light environments to our circadian rhythm.

Gesture recognition functionality is expected to see broad adoption in consumer and communications applications. ams is focused on these next-generation gesture recognition solutions to provide yet another way in simplifying the human-machine interface. ams has begun shipping its first highly integrated gesture sensors which use ams' leading photodiode technology to deliver a reliable, precise, more intuitive and touchless interface for many devices.

ams ultra-low power, highly integrated power management IC's (PMICs) are used in mobile devices including netbooks, tablets, high-resolution entertainment modules and action cameras. ams supports customers of NVIDIA, the leading mobile graphics processor supplier, using NVIDIA's platforms in netbooks and other devices, and provides power management solutions for GoPro's range of versatile action cameras. ams' ultra-low power, high performance PMIC solutions with leading-edge analog technology maximize battery life while optimizing overall system performance.

Improving the quality of audio and mobile communications is another growing need addressed by ams with its advanced active noise-cancellation technology (ANC) and MEMS microphone interfaces. ANC technology enables clear sound regardless of the noise levels from the surrounding environment, increasing the sound quality of mobile communications and multimedia applications. ams' low-noise MEMS microphone ICs are a standard feature in many of today's mobile devices including smartphones, handsets, tablets and notebook computers.

Industrial, Medical, Automotive

ams offers highly customized, application-specific integrated circuits (ASICs) and standard solutions for a broad range of industrial applications including automation and control, position sensors, building automation, security and high-resolution seismic analysis. For example, position sensors offer high reliability measurements in areas of magnetic interference such as measuring the slightest movements of the arms and tools of a robot, enabling a machine to control motion far beyond the limits of the human hand.

The adoption of near field communication (NFC), a form of proximity contactless communication between devices like smartphones and tablets, is rapidly spreading in Asia, Europe and the U.S. With more than 20 years of experience in wireless and radio-frequency identification (RFID), ams is uniquely poised for the NFC revolution. NFC-based contactless payments are gaining significant traction due to higher levels of control and convenience for consumers and higher throughput for retailers. ams addresses the contactless payment market with its unique active boost technology with antenna auto-tuning that enables reliable and safe NFC payments for virtually any phone and also a wide range of highly integrated devices such as wearable accessories. Dramatically reducing antenna size requirements, ams' booster technology ensures a hassle-free mobile payment experience for many small form factor applications that are constrained by space. ams' unique NFIC dual interface IC solutions lower the barriers to NFC integration for devices with host microcontrollers, enabling NFC for myriad consumer and medical applications.

Similarly, in medical electronics, the demand for new sensor solutions continues to grow and is driven by the need for more advanced, cost-efficient diagnostic, imaging and surgical equipment as well as the explosion of wireless mobile healthcare systems that monitor patients remotely. ams delivers a wide range of medical sensors, sensor interfaces, power management and wireless solutions that are ideally suited for healthcare applications.

Highly integrated ams sensors are used in many of today's advanced medical imaging applications and state-of-the-art computed tomography equipment. These solutions incorporate the latest design and process technologies and contribute in drastically reducing the level of radiation while significantly improving image resolution.

Cost-effective and easy-to-implement near field communication (NFC) sensor tags with integrated radio frequency (RF) technology are emerging to make tracking, recording and time stamping of data for medical applications more efficient. NFC sensor tags can even be safely ingested or implanted under the skin, enabling patients to monitor specific physiological conditions around the clock and read data by simply holding an NFC-enabled phone or tablet close to the body.

ams also participates in the consumer digital health market that is being built around devices that range from smart watches to activity trackers in bracelet or pendant form. These applications require biosensors, new display technologies, critical power management and very low power designs to enable a compelling consumer experience. The quantified self-monitoring movement is a key driver for more functionality and wider acceptance of such devices. Combined with telemedicine, these technologies also will help improve medical patients' quality of

life and enable safer, easier and more convenient health management for senior citizens.

In vehicles, consumers expect increased safety, assistance, convenience and eco-friendly technologies. ams offers a broad range of application specific and standard IC solutions for leading car manufacturers and suppliers to make driving safer, smarter and more environmentally friendly. ams powers systems including collision avoidance, car seat occupancy detection, breakthrough battery management cell monitoring and balancing, high-speed interfaces for rear-view mirror applications, automatic braking and an array of intelligent position sensors that increase vehicle reliability.

Sensors also play an important role in enabling vehicle manufacturers to comply with new standards around carbon emissions and reduced energy consumption while also supporting the trend toward hybrid and electric vehicles. Emerging active safety features like lane departure warning, collision avoidance, traffic sign recognition, and the detection of objects behind the vehicle offer additional applications for ams' sensor solutions. From increasing driver safety and comfort to enhancing engine efficiency and performance, ams' automotive sensors meet the most challenging demands and help create a better driving experience.

Technology and manufacturing

As a high performance analog company, ams has its own in-house wafer manufacturing and test facilities. This capability allows ams to push the limits of analog performance in lowest noise, highest sensitivity and maximum accuracy while assuring customers a dedicated supply and the highest quality standards.

At the forefront of technology, ams provides state-of-the art technologies for leading-edge sensor and analog designs such as 3D IC integration using a proprietary through-silicon via (TSV) process and unique specialty processes for high voltage, optoelectronics and RF applications. In its specialty foundry business ams offers customers a full service approach that includes packaging and testing options.

ams has more than 30 years in semiconductor manufacturing experience and its wafer production facility is certified for medical and automotive IC production. ams pursues a flexible concept combining internal and external wafer capacity and enjoys strong partnerships with major manufacturing partners around the globe.

Our Global Network

Europe

Austria

ams Headquarters
Unterpremstätten so/dc/tc

Finland

Helsinki so

France

Vincennes so

Germany

Munich so

Italy

Corsico so
Pavia dc
Pisa dc

Slovenia

Ljubljana dc

Spain

Valencia dc

Sweden

Sollentuna so

Switzerland

Rapperswil so/dc

United Kingdom

Stockport so

Asia

China

Hong Kong so
Shenzen so
Shanghai so

India

Hyderabad dc

Japan

Tokyo so

Korea

Seoul so

Philippines

Calamba tc

Singapore

so

Taiwan

Taipei so

North America

USA

Cupertino, CA so
Austin, TX dc
Plano, TX so/dc
Raleigh, NC so

so sales office

dc design center

tc test center



Investor Relations and Corporate Governance



Investor Relations

The ams share offers attractive potential for value appreciation as the company continues to successfully implement its strategy. The ams share showed a positive full year performance in 2013 as the share price reversed a noticeable dip in summer and appreciated by 73% from the low point until year end.

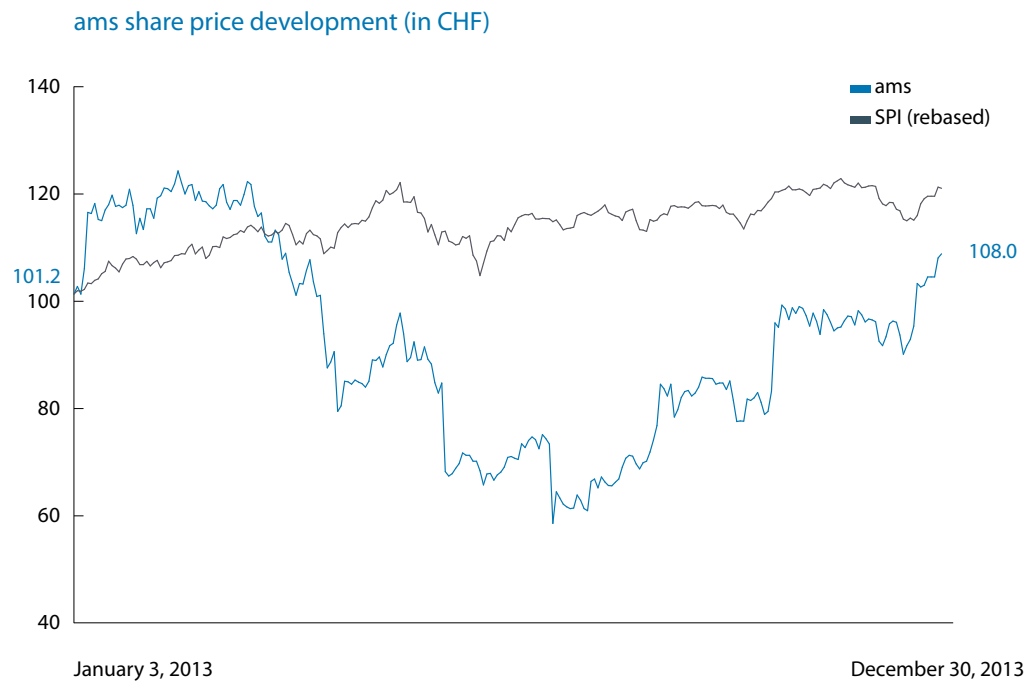
ams follows a dividend policy defining a payout of 25% of the annual net result. The Management Board will therefore propose a dividend of EUR 1.04 for the fiscal year 2013, which is a decrease of EUR 0.39 compared to 2012. ams intends to continue to distribute dividends in the coming years based on the further positive development of its business. ams also operates a share buyback scheme under which the company bought back 190,000 shares last year, equivalent to 1.3% of total issued shares at year end 2013. The shares are principally designated to cover the employee share option plan adopted in 2009.

At the Annual General Meeting in May 2013, the majority of agenda items subject to a vote were approved with a large majority or unanimously. Two items regarding the creation of a conditional capital for stock option grants were not approved.

ams continued its extensive investor relations activities during 2013, based around quarterly reports and regular presentations to analysts, press, and institutional investors. ams held investor road shows and attended investor conferences in financial hubs across Europe and the U.S. East and West Coast regions. Financial reports, press releases, and additional information on the ams share are available in the "Investor" section of the company website www.ams.com.

Share details

ISIN	AT0000920863
Securities code	1808109
Ticker symbol	AMS (SIX Swiss Exchange)
Reuters / Bloomberg	AMS.S / AMS SW



Executive Bodies

Management Board

John A. Heugle (CEO until May 14, 2013)

Kirk S. Laney (CEO since May 14, 2013)

Michael Wachslar-Markowitsch (CFO)

Supervisory Board

Guido Klestil

(Chairman until September 13, 2013 / Honorary Chairman since September 13, 2013)

Hans Jörg Kaltenbrunner

(Deputy Chairman until September 13, 2013 / Chairman since September 13, 2013)

Siegfried Selberherr (Deputy Chairman)

Gerald Rogers (Deputy Chairman since September 13, 2013)

Kurt Berger (until September 13, 2013)

Michael Grimm

Klaus Iffland

Jacob Jacobsson

Johann Eitner (employee representative)

Günter Kneffel (employee representative)

Günther Koppitsch (employee representative until September 13, 2013)

Vida Uhde-Djefroudi (employee representative)

Corporate Governance

As an Austrian company listed in Switzerland, ams AG ("ams") is subject to the regulations of the SIX Swiss Exchange's directive concerning information on corporate governance ("Swiss Corporate Governance Directive").

In this context, ams points out that Austrian Corporate Law differs from the Swiss model in terms of the structure of its corporate bodies, their duties and their accountability. Hereinafter, the Austrian terms for the corporate bodies will be used. Corporations that are not constituted according to the Swiss Code of Obligations are required correspondingly to meet the regulations of the Swiss Corporate Governance Directive, which is formulated in close correspondence with the Swiss Code of Obligations. Consequently there follows a brief description of the particular features of the Austrian organizational structure:

– The Management Board is responsible for company management and representation of the company; it holds the monopoly on company management and representation. It is not subject to instructions by the shareholders or the Supervisory Board, acting rather on its own responsibility and without instructions. Where the Swiss Corporate Governance Directive calls for information on the Executive Board, corresponding details on the Management Board are provided. Nevertheless, the function of the Management Board does not correspond exactly with that of the Swiss Executive Board.

– The Supervisory Board is in charge of appointing and dismissing the Management Board and, in particular, supervising it. Furthermore, specific legal transactions also require the Supervisory Board's approval. Where the Swiss Corporate Governance Directive calls for information on the Administrative Board corresponding details on the Supervisory Board are provided. Nevertheless, the function of the Supervisory Board does not correspond exactly with that of the Swiss Administrative Board.

– The Annual General Meeting, functioning as the supreme means of decision-making body for a company, is responsible for appointing and dismissing the members of the Supervisory Board and the appointment of the auditor. Where the Swiss Corporate Governance Directive calls for information on the General Meeting corresponding details on the Annual General Meeting are provided. The Swiss and Austrian legal systems differ with regard to these two institutions.

As an Austrian company ams has committed on a voluntary basis to comply with the stipulations of the Austrian Corporate Governance Code. Additional information on this voluntary commitment is provided at the end of this chapter in the section entitled "Austrian Corporate Governance Code". This chapter also contains the Corporate Governance report information according to the stipulations of Austrian law.

1. Corporate Structure and Shareholders

1.1 Corporate Structure

ams, with headquarters in Unterpremstätten, Austria, has been officially listed on the main segment of the SIX Swiss Exchange since May 17, 2004 (securities number 1808109; ISIN AT0000920863). On the date of reporting, the company had a market capitalization of approximately CHF 1.57 billion. ams' business activity is divided into the business segments Products and Foundry. The Products business segment consists of the Consumer, Communications, Industrial, Medical, and Automotive market areas, while the Foundry business segment comprises the Full Service Foundry area. The company manages its business via an Executive Committee which includes managers responsible for managing the business areas within the framework of the strategy defined by the Management Board. These managers report directly to the Management

Board of ams. Further information on the business segments is provided in the Notes to the Consolidated Financial Statements under item 1.

The company has active unlisted subsidiaries; there are no listed subsidiaries. The following table lists the company's direct active subsidiaries:

Company	Head office	Equity in EUR	Percentage of shares held
ams Germany GmbH	Munich	516,693	100 %
ams International AG	Rapperswil	39,022,076	100 %
ams France S.à.r.l.	Vincennes	-137,432	100 %
ams Italy S.r.l.	Milan	427,925	100 %
ams R&D UK Ltd.	Launceston	215,071	100 %
AMS USA Inc.	Raleigh	666,520	100 %
ams Japan Co. Ltd.	Tokyo	152,624	100 %
ams Asia Inc.	Calamba City	14,237,282	100 %
ams Semiconductors India Private Ltd.	Hyderabad	179,237	100 %
ams R&D Spain SL	Valencia	60,259	100 %
Aspern Investment Inc.	County of Kent	639,359	100 %
AMS-TAOS USA Inc.	Plano	3,610,420	100 %

1.2 Significant Shareholders

As ams did not fall under the disclosure requirements set forth by Swiss law before May 1, 2013, the shareholdings described below relate to the time of notification or capital increase and may have changed subsequently:

In April 2008 Schroders plc, London, United Kingdom, notified a holding of 4.6% of the share capital. In September 2008 Dr. Berger, Vienna, Austria, notified a holding of 8.3% of the share capital as trustee. In July 2009 Dr. Johannes Heidenhain GmbH, Traunreut, Germany, notified a holding of 3.2% of the share capital and Kempen Capital Management, Edinburgh, United Kingdom, notified a holding of 9.2% of the share capital. In August 2009 Odin Fund Management, Oslo, Norway, notified a holding of 4.3% of the share capital and Pictet Asset Management, Zurich, Switzerland, notified a holding of 4.1% of the share capital. In February 2010 The Capital Group Companies, Inc., Los Angeles, USA, notified a holding of 3.0% of the share capital. In July 2010 FMR LLC, Boston, USA, notified a holding of 4.8% of the share capital.

Since May 1, 2013 ams is subject to article 20 of the Swiss Federal Law on Securities Exchanges and Securities Trading (SESTA) and the Ordinance of the Swiss Financial Market Supervisory Authority on Stock Exchanges and Securities Trading (the FINMA Stock Exchange Ordinance). Pursuant thereto, ownership interests in companies with registered office outside of Switzerland whose equity securities are mainly listed in whole or in part in Switzerland must be notified both to the issuer company and to SIX Swiss Exchange when the holder's voting rights reach, increase above or fall below certain thresholds. These notification thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% and 66 2/3% of voting rights. Shareholders which as of May 1, 2013 already held a shareholding in ams triggering the disclosure requirements will have to notify that shareholding until April 30, 2014 at the latest (article 53 SESTA).

At December 31, 2013, ams knew of the following significant shareholders with a holding of more than 3% (defined for this purpose as shareholders with voting rights in excess of 3% of the ams AG capital stock recorded in the commercial register):

Norges Bank (the Central Bank of Norway), Oslo, Norway	3.2%
Credit Suisse Funds AG, Zurich, Switzerland	3.2%

Information on significant shareholders or groups of shareholders filed with ams and the Disclosure Office of SIX Swiss Exchange in accordance with article 20 SESTA can be viewed on the Disclosure Office's publication platform at www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

1.3 Cross Shareholding

No cross shareholdings exist at this time.

2. Capital Structure

2.1 Capital

As of December 31, 2013, ams' ordinary capital amounted to nominally EUR 35,269,780.96, divided up into 14,559,683 no-par-value shares with a calculated nominal value of EUR 2.42 per share.

2.2 Authorized and Conditional Capital in Particular Authorized Capital

In May 2012, the management board was authorized upon cancellation of the existing authorized capital (authorized capital 2011) to increase – if required in several tranches – the share capital of up to EUR 16,657,936.24 by issuing up to 6,876,546 new shares (no-par shares) against cash and/or contribution in kind and to determine, in agreement with the Supervisory Board, the par value, the terms of issue and further details of the implementation of the capital increase (authorized capital 2012).

Conditional Capital

In May 2005, the Annual General Meeting authorized the Management Board to increase the share capital by EUR 2,398,203.53 by issuing 990,000 new bearer shares for cash to provide cover for stock options granted to staff members and senior executives in the company and its subsidiaries, excluding the subscription rights of existing shareholders. The terms of issue are based on the provisions of the stock option plan approved by the Management Board on April 22, 2005 (Stock Option Plan 2005).

Furthermore, the management board was authorized in May 2012 to issue with the consent of the Supervisory Board – if required in several tranches and in different combinations, and also indirectly in the way of a guarantee for the issuance of financial instruments which grant the right of conversion of shares of the company by a company affiliated with the company – during a period of five years from the date of resolution, financial instruments pursuant to §174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, participating bonds, warrant bonds or profit participation rights, with a proportional nominal amount of up to EUR 14,653,185.86 which grant the right of conversion and/or subscription of a total of up to 6,048,967 shares of the company or are structured in a way to be shown as equity contribution. The amount of capital issued and the terms of the issue as well as any exclusion of shareholders' subscription rights to financial instruments are determined by the Management Board in agreement with the Supervisory Board.

2.3 Changes in Capital

In total, the ams Group's shareholders' equity amounted to EUR 332.17 million as of December 31, 2011, EUR 409.51 million as of December 31, 2012 and EUR 444.73 million as of December 31, 2013. Information about the changes in shareholders' equity over the last two reporting years is provided in the section entitled "Consolidated Statement of Changes in Shareholders' Equity according to IFRS from January 1, 2013 until December 31, 2013" in the financial section of this Annual Report.

2.4 Shares and Participation Certificates

On the date of reporting, ams' share capital consisted of 14,559,683 common no-par-value shares issued to bearer with a calculated nominal value of EUR 2.42 per share. Every bearer of a common share has the right to vote and is entitled to receive dividends; there are no preferential rights. All shares are equal in terms of the company's residual assets; all capital was paid in. There are no participation certificates.

2.5 Profit Sharing Certificates

There are no profit-sharing certificates.

2.6 Restrictions on Transferability and Nominee Registration

The company only has bearer shares outstanding. There are no restrictions on transferability or corporate rules on nominee registration.

2.7 Convertible Bonds and Option Plan

On April 22, 2005, the Management Board approved a stock option plan for staff members and senior executives in the company and its subsidiaries (Stock Option Plan 2005). This provides for the issue of a total of 990,000 options over a period of four years. According to the conditions of SOP 2005, options forfeited back to the company may be re-issued until the end of the plan period. In 2013 no options were granted, so a total of 974,851 options have been granted (after deduction of forfeited options). One option entitles the bearer to buy one share in the company. 20% of the options issued can be exercised a year after issue at the earliest and the remainder in 20% installments for each further year after issue at the earliest. The last possible exercise date is June 30, 2015. The options' strike price is calculated from the average market price of the ams share over the three months prior to granting of the stock options, minus a discount of 25%. To fund the options issued, the conditional capital increase described in section 2.2 will be used. Differing from the practice in previous years, the options issued in 2012 were immediately exercisable at 60% at grant date and will be exercisable in the amount of 20% on the first and second anniversary of grant date. The options are non-transferable.

An additional Stock Option Plan (SOP 2009) was approved at the Annual General Meeting of April 2, 2009. Under the terms of SOP 2009, over a period of 4 years a total not exceeding 1,100,000 options on no-par company shares was to be granted, corresponding to around 10 % of the company's capital at the time of approval. Every option granted entitles the participant to purchase a no-par share in ams. Exercise of options is possible annually to the extent of 25% on the days of the first, second, third and fourth anniversaries of granting, i.e. in four equal tranches. The preferential price of the options is calculated from the average stock market price over the 3 months prior to granting of the stock options. All options granted must be exercised by June 30, 2017. In 2013 85,000 stock options were distributed from SOP 2009. Differing from the practice in previous years, the options issued in 2013 vest to the extent of 33% on the first, second and third anniversary of the grant for 50% of the granted options. The earliest date for exercising the other 50% of the granted options is the third anniversary of the options grant date depending on the achievement of the following criteria: (i) The benchmark

growth of the market (sales growth of the analog semiconductor market as published by WSTS) has to be surpassed in the period 2013-2015 with stable gross margins (not to be lower than in 2012; adjusted for extraordinary impacts related to a positive long-term development of the business such as e.g. acquisition costs or financing costs). If this does not apply to the whole period but only to single calendar years, a quota of one third of the exercisability for the relevant year has to be taken into account. (ii) Over the period 2013-2015 an increase of earnings per share has to be achieved. If this does not apply to the whole period but only to single calendar years (provided that earnings per share are not lower than in 2012), a quota of one third of the exercisability for the relevant year has to be taken into account.

In connection with the acquisition of TAOS Inc., the company has committed to grant options to certain employees of TAOS Inc. by issuing a Stock Option Plan, which – as far as legally possible – matches the number of options and the option plan which has been granted to those employees under the TAOS Inc. – „Equity Incentive Plan 2000“. To fulfill this obligation, the management board of ams has adopted a new Stock Option Plan 2011 (SOP 2011), which the company's Supervisory Board approved on July 9, 2011. The SOP 2011 comprises unvested options and vested options. Each option granted entitles each employee to purchase one share of the company. For holders of unvested options the exercise price equals the original exercise price under the TAOS Inc. plan. This price is in the range of USD 0.94 and USD 19.81. Certain employees of TAOS Inc., who held a small number of TAOS Inc. shares („small Shareholders“), were granted exercisable options for shares of the Company as compensation for shares of TAOS Inc. held by them prior to the transaction (vested options). The option exercise price for these options is CHF 41.36 which is the average of the market price of the shares of the company on the SIX Swiss Exchange within 30 days following the date of grant of options. The term of the unvested options will remain unchanged compared to the original TAOS Inc. plan. The options will expire between September 3, 2017 and June 8, 2021. The options of the Small Shareholders expire ten years after the date of issuance, therefore on July 12, 2021.

The management board has decided to adopt a new Stock Option Plan (SOP 2013) on August 28, 2013. The SOP 2013 comprises a maximum of 400,000 options, of which (i) up to 315,000 options may be granted to employees and executive employees and (ii) up to 47,000 options may be granted to the Chairman of the Management Board / Chief Executive Officer and up to 38,000 options may be granted to the Chief Financial Officer. This corresponds to 2.8% of the nominal capital of the Company at that time. Each option entitles the relevant employee, executive employee and/or managing director (collectively „Participants“) to acquire one no-par value ordinary share of ams. The available options were to be granted during the year 2013 after prior resolution by the SOP committee. All options granted must be exercised by 30 June 2021. The exercise price for the new shares corresponds to the average strike price within the last three months before the granting of the stock options. For 50% of the granted options, options can be exercised to the extent of 33% of the grant on the first, second and third anniversary of the options grant date at the earliest. For the other 50% of the granted options, the earliest date for exercising is the third anniversary of the options grant date depending on the achievement of the following criteria: (i) The benchmark growth of the market (sales growth of the analog semiconductor market as published by WSTS) has to be surpassed in the period 2013-2015 with stable gross margins (not to be lower than in 2012; adjusted for extraordinary impacts related to a positive long-term development of

the business such as e.g. acquisition costs or financing costs). If this does not apply to the whole period but only to single calendar years, a quota of one third of the exercisability for the relevant year has to be taken into account. (ii) Over the period 2013-2015 an increase of earnings per share has to be achieved. If this does not apply to the whole period but only to single calendar years (provided that earnings per share are not lower than in 2012), a quota of one third of the exercisability for the relevant year has to be taken into account. In 2013 314,201 options were distributed from SOP 2013.

3. Supervisory Board

On the reporting date, the company's Supervisory Board was composed of nine members, of whom three were employee representatives. The members were not employed as members of the company's or a subsidiary's management board and are therefore non-executive.

3.1 / 3.2 / 3.3 / 3.4 Members of the Supervisory Board, Other Activities, Vested Interests, Cross-Involvement, Election and Terms of Office
Insofar as nothing to the contrary is mentioned below, no material activities, vested interests or cross-involvements exist regarding the members of the Supervisory Board. Under the Corporate Governance Directive and the relevant comment by SIX Swiss Exchange, activities and vested interests are only indicated in listed Swiss and foreign organizations or ones that operate in the same or a related industry sector as the company. All members of the Supervisory Board are to be seen as independent within the meaning of the rules of the Austrian Corporate Governance Code.

Hans Jörg Kaltenbrunner (Chairman), born in 1957, Austrian citizen. Member of the Supervisory Board since 2009, Chairman since 2013. Current term of office until 2014. Having studied at the Vienna University of Business and Economics, Hans Jörg Kaltenbrunner began his professional career at the Austrian Trade Delegation in Taipei, Taiwan as Deputy Trade Delegate in 1982. From 1985-1994, he assumed management positions at the Hong Kong branch and in the asset management group of Creditanstalt-Bankverein. Following appointments to the management boards of RHI AG and Austria Mikro Systeme AG, he has been a partner of Andlinger & Company since 2002 and has served as a member of management and supervisory boards of international industrial companies in this capacity.

Dr. Siegfried Selberherr (Vice Chairman), born in 1955, Austrian citizen. Member of the Supervisory Board since 2001, Vice Chairman since 2001. Re-elected in 2009, current term of office until 2014. After completing his studies in Electrical Engineering, Siegfried Selberherr earned a doctorate in Technical Sciences. He has been a full professor at the Institute of Microelectronics at Vienna University of Technology since 1988 and was Dean of the Faculty of Electrical Engineering and Information Technology from 1998 to 2005. Siegfried Selberherr is internationally recognized for his research in microelectronics, particularly in the field of technology computer-aided design (TCAD), and advises several international semiconductor companies.

Gerald Rogers (Vice Chairman), born in 1944, U.S. citizen. Member of the Supervisory Board since 2011, current term of office until 2016. A prolific engineer and successful businessman in the technology industry, he is Chairman of the board of directors for privately-held OnBoard Research, a musical instrument accessory company, and also serves as an advisor and investor to technology start-ups. He was a member of

the board of directors for TAOS Inc. since 2003. Gerald Rogers began his career in 1969 at Texas Instruments in VLSI design and was promoted to Vice President and manager of the microprocessor division in 1981. In 1986, he became President and CEO of Visual Information Technologies. In 1987, he founded Cyrix, a highly successful microprocessor company focused on the PC market, serving as its CEO for almost a decade. Gerald Rogers earned his Bachelor's degree from the University of Houston.

Klaus Iffland, born in 1956, German citizen. Member of the Supervisory Board since 2006. Re-elected in 2009, current term of office until 2014. Having graduated in Mechanical Engineering and Business Studies, Klaus Iffland held executive positions at Audi AG in production, development and purchasing, and was head of purchasing from 1996. Since 2002 he has held executive positions at Magna International, a leading worldwide automotive supplier, first as a member of the management board of Magna Steyr Fahrzeugtechnik, then as President of Intier Automotive Europe and Magna Closures, VP Purchasing at Magna International Europe and VP Procurement & Supply at Magna Steyr. Since 2008 he is VP Global Purchasing Magna International Europe; in July 2011 he additionally assumed responsibility for Magna Logistics Europe and joined the Management Board of Magna Europe.

Michael Grimm, born in 1960, German citizen. Member of the Supervisory Board since 2009, current term of office until 2014. Michael Grimm studied Management at the University of Frankfurt and then worked as a tax consultant and auditor at Arthur Andersen Wirtschaftsprüfungsgesellschaft, lately as a partner and head of the Leipzig office. From 1997 until 2001 he was at Hoechst AG with responsibility for group accounts and was involved in the transformation of Hoechst AG into Aventis. From 2002 until 2005 Michael Grimm was director of finance, accounting and investments at Grohe Water Technology AG & Co. KG, then Managing Director of Triton Beteiligungsberatung GmbH, an investment company with holdings in medium-sized companies in Germany and Sweden. Since 2008 he has been Commercial Director of Dr. Johannes Heidenhain GmbH.

Jacob Jacobsson, born in 1953, Swedish and U.S. citizen. Member of the Supervisory Board since 2011, current term of office until 2016. Jacob Jacobsson has held CEO positions at Blaze DFM, Inc., Forte Design Systems and SCS Corporation, and executive positions at Xilinx Inc., Cadence Design Systems, and Daisy Systems. He has served on the board of directors at Actel Corp., and currently serves on the boards of a number of privately-held companies in the United States and Europe. He was a member of the board of directors for TAOS Inc. since 2003. Prior to his management career, Jacob Jacobsson was active in the fields of IC design and automated design of semiconductor chips. He holds M.S. degrees in Computer Science and Electrical Engineering from the Royal Institute of Technology (KTH, Stockholm) and a B.A. degree from the University of Stockholm.

Johann C. Eitner (Employee Representative), born in 1957, Austrian citizen. Member of the Supervisory Board since July 1994. Re-elected in 2010, current term of office until 2014. Chairman of the Workers' Council and Employee Representative on the Supervisory Board since 1994. During his more than 35-year career, Johann Eitner has been employed as an electrician in various positions and, since 1984, as supervisor in the mask lithography department at ams. He was trained as an electrician.

Günter Kneffel (Employee Representative), born in 1968, Austrian citizen. Member of the Supervisory Board since March 1999. Re-elected in 2011, current term of office until 2015. Chairman of the Employee Council and Employee Representative on the Supervisory Board since 1999. After completing his studies in RF Engineering and Electronics, Günter Kneffel gained more than 15 years of professional experience as a process engineer for photolithography and graduated in law in 2010 (Magister Degree).

Vida Uhde-Djefroudi (Employee Representative), born in 1959, Austrian citizen. Member of the Supervisory Board since 2012, current term of office until 2015. Member of the Employee Council since 2003. Vida Uhde-Djefroudi studied at Graz University of Technology and received a degree in Electrical Engineering. She joined ams in 1994 as an analog circuit designer and has been focusing on high voltage design since 2003.

Unless decided otherwise by the Annual General Meeting, members of the Supervisory Board are elected for the longest term possible in accordance with the Austrian Stock Corporation Act, i.e. until the end of the Annual General Meeting that decides on their discharge for the fourth business year after the election. For this purpose, the business year in which they were elected is not included in the calculation. The Articles of Association do not stipulate any staggering of the Supervisory Board members' terms of office.

3.5 Internal Organization

3.5.1 Allocation of tasks in the Supervisory Board

Both the Management Board and the Supervisory Board have rules of procedure. The Supervisory Board has a Chairman and two Vice Chairmen. The Supervisory Board can appoint one or more committees from its midst for the purpose of preparing its negotiations and resolutions or monitoring the implementation of its resolutions. The Supervisory Board of ams has formed the following committees: Staff Committee, Financial Audit Committee, Nomination Committee and Emergency Committee.

3.5.2 Members list, tasks and area of responsibility for all committees of the Supervisory Board

– Staff Committee

The Staff Committee is responsible for negotiating and passing resolutions on the relationship between the company and the members of the Management Board except resolutions on appointments and dismissals of members of the Management Board (signing, adaption and termination of the employment contracts for members and remuneration for the Management Board, etc.) The members of this committee are Hans-Jörg Kaltenbrunner (Chairman), Gerald Rogers and Johann C. Eitner.

– Financial Audit Committee

The Financial Audit Committee is, amongst other things, in charge of examining the annual financial statements, the management report and the proposal on the appropriation of profits, preparing the reports to be submitted to the Annual General Meeting and discussing the audit report with the auditor. The members of this committee are Michael Grimm (Chairman), Jacob Jacobsson, Hans-Jörg Kaltenbrunner, Johann C. Eitner, and Günter Kneffel.

– Nomination Committee

The Nomination Committee is responsible for preparing proposals to the Supervisory Board regarding appointments to executive positions that become available on the Management Board, strategies for succession planning and proposals to the Annual General Meeting regarding appointments to positions that become available on the Supervisory Board. The members of this committee are Hans-Jörg Kaltenbrunner (Chairman), Gerald Rogers, Prof. Siegfried Selberherr, Jacob Jacobsson, Johann C. Eitner, and Günter Kneffel.

– Emergency Committee

This committee was formed as part of the implementation of Rule 39 of the Austrian Corporate Governance Code (see section “Austrian Corporate Governance Code” at the end of this chapter). The Emergency Committee is set up to discuss the affairs of the Supervisory Board in cases of imminent danger (“danger in delay”) and, if the situation absolutely requires it, to decide on them. The members of this committee are Hans-Jörg Kaltenbrunner (Chairman), Gerald Rogers, Prof. Siegfried Selberherr, Johann C. Eitner, and Günter Kneffel.

3.5.3 Working procedures of the Supervisory Board and its committees

The meetings of the Supervisory Board are presided over by the Chairman and, in his absence, by a Vice Chairman. Resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Chairman's vote is decisive. In principle the Management Board also attends the Supervisory Board's meetings. Unless the chairman of the meeting decides otherwise, the Management Board is merely granted an advisory vote. The Supervisory Board is entitled to request written reports on corporate affairs and managerial issues from the Management Board at any time. A committee is entitled to adopt a resolution which is binding for the Supervisory Board only in cases where the committee has been granted such decision-making power by the Supervisory Board in advance. The Supervisory Board appoints a committee member as Committee Chairman and an additional committee member as the Chairman's deputy. Committee resolutions are passed by simple majority of the votes cast. In case of equality of votes, the Committee Chairman's vote is decisive.

The Supervisory Board normally convenes five times a year. During the past year, the Supervisory Board convened a total of seven times with sessions lasting an average of around six hours. The Staff Committee convened a total of four times with sessions lasting an average of around one hour. The Financial Audit Committee convened a total of four times with sessions lasting an average of around one hour. The Nomination Committee convened a total of two times with sessions lasting an average of around one hour. The Emergency Committee did not convene. In the past year no member of the Supervisory Board failed to attend at least half of the meetings of the Supervisory Board.

3.6 Definition of Area of Responsibility

The Management Board of ams acts on its own responsibility and is not subject to instructions from the shareholders or the Supervisory Board. Specific legal transactions individually listed in the Austrian Stock Corporation Act require approval by the Supervisory Board. The Supervisory Board supervises the business conduct of the Management Board. The Management Board clears the company's strategic orientation with the Supervisory Board and discusses the status of strategy implementation with the Supervisory Board at regular intervals.

3.7 Information and Control Instruments vis-à-vis the Management Board

The company possesses a Risk Management System, a Management Information System (MIS) and an internal audit function. Within the framework of the Risk Management System, recognizable risks in numerous areas of the company are compiled and assessed at least twice a year. Further details on the Risk Management System are given in item 8 of the Group Management Report. The principal results are subsequently evaluated by the Management Board and brought to the attention of the Supervisory Board. The company's MIS compiles a multitude of performance indicators from various areas of the company as well as comprehensive financial information and promptly makes them available to management as processed files in electronic form. The Supervisory Board receives monthly and quarterly reports based on information from the MIS. The internal audit function compiles four audit reports per year which are made available to the Supervisory Board and cover specific areas of audit jointly defined by the Management and Supervisory Boards.

4. Management Board

4.1 / 4.2 Members of the Management Board, Other Activities and Vested Interests

Insofar as nothing to the contrary is mentioned below, no material activities or vested interests exist regarding the members of the Management Board.

Kirk S. Laney, born in 1957, U.S. citizen. Chairman of the Management Board since May 2013. Contract term until 2016. Kirk Laney began his 30-year semiconductor industry career in 1980 when he joined the Linear Products Group at Texas Instruments where he was promoted in 1993 to Operations Manager for the Optoelectronics Business Unit. Under his leadership, a core team was assembled to enable the Intelligent Opto Sensor (IOS) strategy. In 1998, under a technology license, Kirk Laney and five colleagues spun off the Optoelectronic Products Group into Texas Advanced Optoelectronic Solutions, Inc. (TAOS) which he led from a niche market provider to a worldwide leader and technology innovator of opto-sensor solutions. Kirk Laney served as CEO of TAOS since its foundation and headed ams' opto-sensor and lighting business as Executive Vice President following ams' acquisition of TAOS in 2011. Kirk Laney holds a Bachelor of Science degree in Physics from Midwestern State University and four patents in opto-electronic packaging.

Michael Wachsler-Markowitsch, born in 1968, Austrian citizen. Member of the Board responsible for finance since February 2004. Contract term until 2016. He has been with ams since 2001, holding the position of Chief Financial Officer (CFO) since 2003. During his more than 20-year career, Michael Wachsler-Markowitsch was finance director of Ahead Communications AG and worked as a consultant and auditor for international mandates at KPMG Austria. He has extensive experience in accounting, corporate finance and tax consultancy. Michael Wachsler-Markowitsch studied Business Administration at Vienna University of Business and Economics (Magister degree) and founded Dynaconsult GmbH, an IT consulting firm, during the same period. He is member of the Management Board of the Styrian Federation of Industry and heads the representative body for the electrical and electronics industries at the Styrian Chamber of Commerce.

4.3 Management Contracts

There are currently no management contracts.

5. Compensation, Shareholdings and Loans

5.1 Content and Method of Determining Compensation and Share Ownership Programs

The Annual General Meeting is in charge of determining the remuneration of the company's Supervisory Board. A shareholder may submit a proposal for resolution to the Annual General Meeting.

The remuneration and share ownership programs of the individual Management Board members are determined annually by the Supervisory Board's Staff Committee. The Supervisory Board is informed about the developments in this process. The Management Board members do not have a right to attend the Staff Committee meetings. In 2013, external advisers were consulted regarding the design and implementation of remuneration and share ownership programs; they had no other mandates with the company.

The amount of the variable part of the remuneration is determined according to the fulfillment of annually determined performance targets for the members of the Management Board. For the year under review, the amount was based on targets for revenues and operating result (EBIT), with the level of achievement taking into account 50% each for revenues and operating result (EBIT). The determination of the annual compensation includes an external benchmarking of the remuneration and remuneration structure with respect to comparable positions in the electronics sector in Austria, Germany and Switzerland. Further details are given in the Notes to the Consolidated Financial Statements under item 26 regarding the remuneration and under item (p) of the Significant Accounting Policies regarding the terms and structure of the share ownership programs.

In the period under review, the variable part of the remuneration was 100% of the basic remuneration for the Chairman of the Management Board and 100% of the basic remuneration for the CFO. In addition, a profit sharing program for all employees including the Management Board was instituted at the end of 2009. Under the program, up to 5% of yearly pre-tax profit plus up to 100% top-up bonus based on certain sales growth criteria are allocated relative to employees' yearly gross remuneration and distributed not exceeding a maximum of 15% of each employee's yearly gross remuneration.

One Management Board member receives a severance pay of two gross monthly salaries per year of service up to a maximum of two yearly gross salaries. In case of termination of his Board membership this Management Board member has a claim in the amount of the severance pay. There are no further claims from company pension schemes or in case of termination of Board membership. D&O insurance is in place for members of the Management Board and for members of the Supervisory Board.

5.2 Transparency in Compensation, Shareholdings and Loans for Issuers Based Abroad

Regarding compensation for acting Board members, further details are given in the Notes to the Consolidated Financial Statements under item 26.

In the year under review, a retired Management Board member was granted termination pay. In the year under review, former Board members were not granted any compensation.

6. Shareholders' Right of Participation

6.1 Voting Rights and Representation Restrictions

All shareholders of ams hold common bearer shares. Every share entitles its bearer to one vote at the Annual General Meeting. There are no voting right restrictions. Voting by proxy is only possible with a written power of attorney which remains with the company.

6.2 Statutory Quorums

The resolutions passed by the Annual General Meeting require the majority of the votes cast (simple majority) insofar as the Austrian Stock Corporation Act or the Articles of Association do not foresee a larger majority or additional requirements. ams' Articles of Association do not call for a higher number of votes than those required by the Austrian Stock Corporation Act.

6.3 Convocation of the Annual General Meeting

Pursuant to the Austrian Stock Corporation Act, the Annual General Meeting is convened by the Management Board. In accordance with the company's Articles of Association, the Annual General Meeting shall be convened at least 28 days prior to the appointed date. The convocation is published in the "Wiener Zeitung" and announced in "Finanz & Wirtschaft".

6.4 Agenda

In compliance with the Austrian Stock Corporation Act, the agenda proposed for the Annual General Meeting shall be published in connection with the convocation of said meeting. In any case, the agenda must be disclosed at least seven days prior to the day on which the shares must be deposited for participating in the Annual General Meeting. Should the passing of a certain resolution require a qualified majority, this resolution must be disclosed 14 days prior to the day of the Annual General Meeting. A minority of 5% of the ordinary capital may demand that the agenda of a previously convened Annual General Meeting be supplemented, but only in the event that the request is filed sufficiently early to allow compliance with the above-mentioned time limits. Those proposing must have been in possession of the shares for at least three months prior to making their proposal and must hold the shares until the decision is reached regarding the proposal.

6.5 Inscriptions into the Share Register

The company only has bearer shares outstanding and therefore does not keep a share register.

7. Changes of Control and Defense Measures

7.1 Duty to Make a Public Offer

Since ams is an Austrian corporation mainly listed in Switzerland, the regulations of the Swiss Federal Law on Securities Exchanges and Securities Trading (SESTA) regarding public takeover offers apply at the reporting date. Under article 32 para. 1 SESTA, anyone acquiring equity securities with 33 1/3% or more of all voting rights must mandatorily make a public tender offer. The Articles of Association of ams contain neither an opting-up clause (in other words, they do not raise this percentage threshold) nor an opting-out clause (i.e., they do not waive

the requirement of a tender offer). At the same time, the regulations of Austrian takeover law relating to offer obligations do not apply to ams.

7.2 Clauses on Changes of Control

At the reporting date, no clauses on changes of control existed in agreements or plans involving members of the Supervisory Board, the Management Board or other members of management.

8. Auditors

8.1 Duration of the Mandate and Term of Office of the Lead Auditor

The existing auditing mandate was assumed by KPMG Alpen-Treuhand GmbH, now KPMG Wirtschaftsprüfungs- und Steuerberatungs AG, Vienna, in 2005. Its election as auditor for the year under review was confirmed at the Annual General Meeting on May 23, 2013. The audit partner responsible for this mandate, Johannes Bauer, took office for the first time for fiscal year 2010.

8.2 Auditing Fees

The auditing firm charged auditing fees amounting to EUR 130,000.00 during the year under review.

8.3 Additional Fees

The auditing firm charged fees for additional consulting services amounting to EUR 49,872.50 during the year under review.

8.4 Supervisory and Control Instruments Pertaining to the Audit

The auditor reports regularly to the Supervisory Board's Financial Audit Committee both orally and in writing. In the period under review, the auditor attended two Supervisory Board meetings and three Financial Audit Committee meetings.

The auditor is monitored and evaluated by the Supervisory Board's Financial Audit Committee at regular intervals. The auditor is selected on the basis of a tendering process that takes a catalog of criteria into account. The auditor's remuneration is checked regularly against prevailing market fees. The lead auditor for the company rotates every five years.

9. Information Policy

ams is committed to an open and transparent information policy towards the stakeholders. All important information on the development of business and the share price (reports, financial calendar and share price data) is available on the company website www.ams.com under the "Investor" tab. The company's ad-hoc publications are available via www.ams.com/eng/Investor/Financial-News/Ad-hoc and can be subscribed via www.ams.com/eng/Investor/Investor-Contact/Subscribe. Share-price-influencing events are published promptly through the media and on the website. ams issues quarterly reports regarding the development of its business. The publications are made available in electronic form. The Annual Report may also be made available in a printed version. For the company's contact details, refer to the publishing information at the end of the Annual Report.

Advancement of Women

ams is committed to facilitating the career development of women in management positions and to increasing the share of women in its

workforce over the medium term. However, as a highly technical company in a high-tech industry it remains difficult for ams to increase the ratio of women in management positions in Austria as well as internationally. The share of women in management positions (except Management Board members) was 12% in fiscal year 2013 (11% in fiscal year 2012), while the overall share of women in the company's workforce was 27% last year. According to its Code of Conduct, ams refrains from any form of discrimination based on, for example, race, religion, political affiliation, and in particular gender.

Austrian Corporate Governance Code

As an Austrian stock company, ams has committed itself to compliance with the Austrian Corporate Governance Code in a declaration of commitment. This code represents a voluntary commitment of companies to the principles of transparent corporate governance and contains corresponding recommendations. The code is available on the internet in electronic form at www.corporate-governance.at. However, since ams is not listed in Austria, it has in its declaration of commitment exempted itself from guidelines of the Austrian Corporate Governance Code which are not based on or closely associated with mandatory provisions of the Austrian Stock Corporation Act or not applicable due to mandatory provisions arising in connection with the company's listing in Switzerland. Furthermore, ams has stated non-compliance regarding the following L and C rules of the Austrian Corporate Governance Code:

– Rule 27a: If applicable, severance payment entitlements accrued under previous management board contracts may exceed the remuneration for the balance period of the current management board contract. If applicable, severance payment entitlements accrued under previous management board contracts will be paid out in case of termination of the current management board contract due to gross misconduct.

– Rule 28: The passing of a resolution on stock option plans for the Management Board required by this rule has historically been handled by the Supervisory Board's Staff Committee in the interest of a consistent remuneration policy for members of the Management Board. In the interest of a consistent implementation of the share-based compensation schemes the members of the Management Board participate in the employee stock option plans (SOP) detailed in pt. 2.7 of this chapter. The possibility of subsequent changes to the criteria for a preferential transfer of shares to members of the Management Board is not being excluded.

– Rule 66: ams prepares the quarterly report for the second quarter and first half year according to IAS 34 (half year report), while a shortened reporting format is chosen for the first and third quarter of each year.

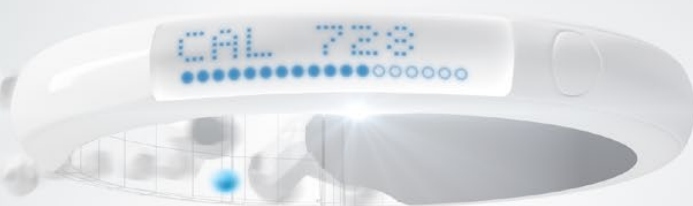
External Evaluation

According to rule 62 of the Austrian Corporate Governance Code, ams commissions an external evaluation of compliance with the respective rules of the Code and correctness of the related public reporting in regular intervals; the last evaluation was conducted in 2014.



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Group Management Report 2013

1 Overview of the economic environment and the past financial year

After rather weak results in 2012, the global semiconductor industry developed positively in 2013. This slight upturn was particularly due to the positive macroeconomic environment in key regions. Total sales of the global semiconductor market increased by 4.8% to USD 305.6bn in 2013. In comparison, market volume decreased by -2.7% to USD 291.6bn in 2012. The relevant market segment for ams, analog semiconductors, also showed a growth of 2.1% to USD 40.1bn in 2013 (previous year: USD 39.3bn)¹.

ams nonetheless recorded a restrained business development in the previous year, especially in the Consumer & Communications business, which resulted in a decline in sales by 3% to EUR 377.8m. However, revenue was kept at the same level as in 2012 after currency adjustments and as the quantity and value of ams design-wins at leading customers increased significantly in the past year, the foundation for a clearly improved business development in 2014 has been laid.

More than 30 years of experience in the analog segment, continuous innovation and high performance IC solutions give ams a competitive edge. The company's clear positioning in the analog semiconductor market and significant investments in research and development strengthened ams' position as a market-leading supplier of high-performance analog ICs and sensors further in 2013. The company's customers value the competence of ams in sensors, sensor interfaces, power management- and wireless solutions offering particularly low energy consumption, highest accuracy and

excellent analog performance. ams' worldwide sales- and support network enables the company to fully participate in the market development in Europe, Asia, and North America.

The product range of the company includes the Consumer & Communications, Industry, Medical and Automotive markets.

The Consumer & Communications market recorded a decline in sales in 2013 which was caused by delayed customer projects and base effects despite ongoing expansion of the markets for smartphones and tablet PCs. Globally operating OEMs trust the know-how of ams in high-quality sensor and analog solutions and ams was also in 2013 an important supplier to the leading smartphone, tablet PC and mobile device vendors. In this very competitive market, ams presented attractive innovations and new technical solutions and expanded its market reach further with existing and new accounts. Accordingly, design activities of customers with ams products remained at a high level.

ams as market-leading provider of advanced light sensors was also successful in the previous year and secured its market position as supplier for leading OEMs. Again, this product area shipped high volumes of ambient light and proximity sensors for a wide variety of major global platforms and models and although the volumes of 2012 were not reached, it was responsible for the largest share of total revenues of the company. As partner to important vendors, ams recognized a trend towards the application of RGB color sensors for display

¹) Source: WSTS, December 2012

controls of the last generation on the global mobile device market. Additionally, ams introduced a new type of light sensor solution that combines a RGB color sensor with innovative gesture recognition and further functions in one very compact module. This solution enables important new growth opportunities for ams in the smartphone and mobile device market.

ams made a significant investment in a new 3D production line for light sensors at the headquarters. The future application of this ambitious self-developed technology offers substantial cost advantages and enables ams also to attractively cover price sensitive segments of the light sensor market.

The MEMS microphone IC product area increased its shipments significantly further to more than 1.6 billion units. This mirrors the expanding penetration of this technology in mobile devices and the growth of the smartphone and tablet PC market. ams' clear market leadership remains unchanged in this area, which is characterized by a highly dynamic market and intense competition. Cost optimization is of central importance for the positioning in this market, next to improvements in audio quality and noise ratio.

ams' wireless business, which covers high-quality solutions for NFC (Near Field Communications) and RFID (Radio Frequency Identification) showed a positive development in general but still fell short of expectations. Especially for NFC-based mobile payment hardware solutions, the market did not develop as dynamically as expected, which traces back to customer specific factors. Nevertheless, ams is convinced that its innovative antenna booster solution for NFC and the excellent NFC competence will enable strong growth for this business in the future.

ams recorded very good results in the industrial segment (industrial electronics) in the past year, which showed a clear improvement in comparison to the previous year. As leading provider for sensors and sensor interfaces for a wide variety of applications in industrial automation and related applications, ams profited from the macroeconomic recovery last year. The positive development of industrial end markets lead to a pleasant dynamic in the course of the year, due to the broad range of product lines and applications. ams is globally recognized as technology specialist for industry sensors as well as solutions for position measurement and building technology and further expanded its market position in 2013.

ams was able to tie up to the positive development of the previous year in its medical sector (medical technology). Highly specialized sensor- and sensor interface solutions are the basis of ams' medical business, especially in the core area "Medical Imaging" for imaging processes like computed tomography (CT), digital X-ray, ultrasound and mammography. High performance CT imaging sensors hereby define the technically possible and offer substantial performance advantages for the benefit of the patients. Long-term in nature, ams' medical business is built around strategic partnerships with global leaders in medical device and system technology.

ams' automotive business (automotive electronics) demonstrated a gratifying growth in 2013 compared to the previous year, which resulted from the market launch of new vehicle platforms and the overall positive development of the end market. Thereby, ams was able to substantially increase delivery quantities, because the sensor and electronics penetration in vehicles is continually increasing. This segment continues to focus on demanding sensor- and positioning solutions, innovative solu-

tions for safety systems like collision avoidance, and battery management. Numerous new design-wins especially in Asia underline ams' position as important partner to major system suppliers and form an outstanding basis for the future.

ams' business segment Foundry, which manufactures customized analog and mixed-signal ICs in specialty processes, continued to be successful in

its markets in 2013. The business segment as full service provider offers a broad range of additional services from development support to test and holds a leading market position as analog foundry for specialty processes.

2 Business results

2.1 Development of revenues

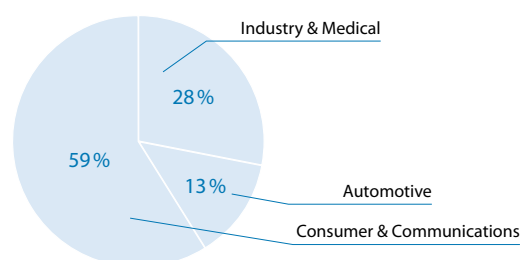
Consolidated group revenues for the financial year 2013 showed a decrease of 3% to EUR 377.8m compared to EUR 387.6m in 2012. This development is primarily caused by the decreasing demand in the target market Consumer & Communications (-10%) and could not be compensated by the positive development and the overall good demand for ams' solutions in the Automotive and Industry & Medical

markets. Customer-specific factors have caused this uneven development, whereas the positive trend in Industry & Medical and Automotive refers to the market success of innovative ams' solutions and the predominantly positive macroeconomic development.

The revenue breakdown by markets is as follows:

in millions of EUR	2013	% of revenues	2012	% of revenues	Change in %
Consumer & Communications	224.4	59%	248.3	64%	-10%
Automotive	48.5	13%	40.5	10%	+20%
Industry & Medical	104.9	28%	98.9	26%	+6%
	377.8		387.6		

Revenue breakdown by markets



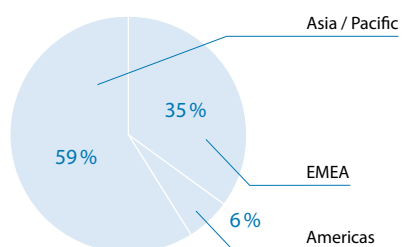
The distribution of revenues by region reflects the demand situation in the company's target markets. The Asia / Pacific region developed negatively in 2013 with a decline in revenues in the Consumer &

Communications business compared to 2012. This led to a decreased contribution of this region to group revenues while the demand for ams' products in Europe and USA increased considerably.

The revenue breakdown by region (based on billing location) is as follows:

in millions of EUR	2013	% of revenues	2012	% of revenues	Change in %
EMEA	131.7	35%	124.7	32%	+6%
Americas	22.7	6%	19.1	5%	+19%
Asia / Pacific	223.4	59%	243.8	63%	-8%
	377.8		387.6		

Revenue breakdown by regions



2.2 Orders received and order backlog

Orders received developed weaker in the course of the year, especially because of reluctant order patterns and decreased from EUR 386.0m to EUR 364.2m in 2013, which is a reduction of 6% compared to the previous year.

ams' year-end order backlog decreased by 16% from EUR 90.9m in 2012 to EUR 76.6m by Decem-

ber 31, 2013. This lower order backlog has been caused by extremely short-term order behavior of a few market participants in the Consumer & Communications sector in comparison to the end of the previous year. As this is particular the case for new products and applications whose market launch is imminent, order backlog still represents an attractive basis for the business year 2014.

Revenues and orders developed as follows:

in millions of EUR	2013	2012	Change in %
Revenues	377.8	387.6	-3%
Orders received	364.2	386.0	-6%
Total order backlog	76.6	90.9	-16%

2.3 Earnings

Gross profit decreased to EUR 198.0m in 2013 compared to EUR 202.9m in the previous year.

The full year gross margin of 52% (adjusted for effects resulting from the purchase price allocation in connection with the acquisition of TAOS 55%) remained at the same level as in 2012 of 52% (adjusted for effects resulting from the purchase price allocation in connection with the acquisition of TAOS 55%). This attractive development was mainly driven by the full capacity utilization of the company's production facilities in 2013 and an improved product mix with higher margins. At the same time, prices for the company's products remained largely stable to slightly declining.

Research and development costs as well as marketing and sales expenses showed an increase compared to the previous year, which is due to

significant product development efforts, the expansion of the sales network and a continued increase in personnel cost. Administrative costs were also higher than the year because of an increase in personnel costs.

Given the decline in sales in relation to an increase of fixed costs, the operating result (EBIT) decreased by EUR 20.9m to EUR 63.9m in 2013. With the decrease in EBIT, EBITDA (Earnings before interest and taxes plus depreciation) decreased by EUR 18.9m to EUR 99.1m.

Net income decreased to EUR 60.8m in 2013 from EUR 81.9m in 2012. The return on equity reached 14% compared to 20% for 2012 while the return on revenues decreased from 21% to 16% in 2013.

in millions of EUR	2013	2012	Change in %
Gross profit on revenues	198.0	202.9	-2%
Gross margin	52%	52%	
Gross margin (excluding acquisition-related costs)	55%	55%	
EBITDA	99.1	118.1	-16%
Operating result (EBIT)	63.9	84.8	-25%
EBIT margin	17%	22%	
Financial result	-0.5	-1.4	+66%
Result before tax	63.4	83.4	-24%
Net result	60.8	81.9	-26%
Return on equity	14%	20%	
Return on revenues	16%	21%	

2.4 Assets and financial position

The balance sheet structure shows a high ratio of fixed to total assets, common to the semiconductor industry. The share of intangibles and property, plant and equipment in the total assets decreased slightly from 62% in 2012 to 59% in 2013.

The investments in fixed assets affecting cash (capital expenditures) of EUR 47.1m were higher than the current depreciation and amortization of EUR 35.3m and amounted to 12% in relation to revenue (2012: 8%). The ratio of equity to fixed assets reached 111% in 2013 compared to 102% in the previous year.

The fixed assets include a deferred tax asset of EUR 33.3m (previous year: EUR 32.9m). Under the current tax legislation this tax asset can be carried forward indefinitely, but is expected to be used to offset profit taxes within the next five years.

Inventories amounted to EUR 40.5m at the end of 2013 (2012: EUR 56.2m). Improvements in inven-

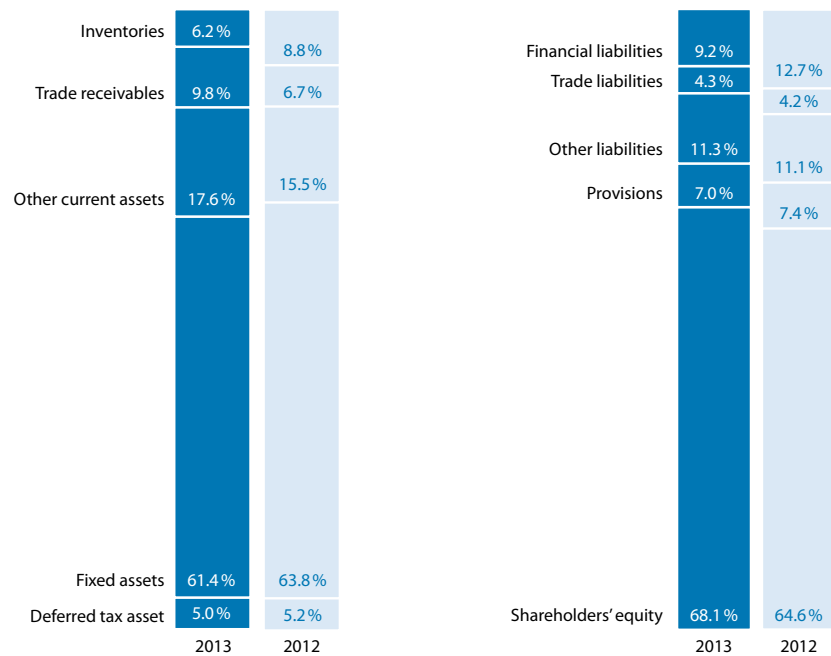
tory management despite a constant high level of capacity utilization led to an increased inventory turnover compared to last year.

Trade receivables increased due to the significant share in fourth quarter revenues while the average period of outstanding receivables remained almost unchanged compared to the previous year. At year-end 2013 trade receivables amounted to EUR 63.7m (2012: EUR 42.2m).

Due to the strong operating cash flow, financial liabilities decreased by EUR 20.7m from EUR 80.8m to EUR 60.1m and net debt shrank in the past financial year. As a result, net financial assets came to EUR 44.2m at balance sheet date (2012: EUR 6.0m). Group equity increased by 9% to EUR 444.7m as a consequence of the positive development of the net result.

Assets in millions of EUR	2013	2012
Inventories	40.5	56.2
Trade receivables	63.7	42.2
Other current assets	114.9	98.1
Fixed assets	400.7	404.7
Deferred tax asset	33.3	32.9
Total assets	653.0	634.0

Equity and liabilities	2013	2012
Financial liabilities	60.1	80.8
Trade liabilities	28.3	26.4
Other liabilities	73.9	70.2
Provisions	46.0	47.1
Shareholders' equity	444.7	409.5
Total equity and liabilities	653.0	634.0



Given the lower indebtedness the debt-to-equity ratio decreased to 14% compared to 20% in the

previous year. At the same time, the equity ratio increased to 68% (2012: 65%).

	2013	2012
Equity ratio	68%	65%
Debt to equity ratio	14%	20%
Equity to fixed assets ratio	111%	101%

Key figures are directly derivable from the financial statement.

2.5 Cash flow

The operating cash flow decreased to EUR 100.2m in 2013 compared to EUR 124.8m in the previous year. This reduction is primarily based on the lower operating result. The cash flow from investing activities was EUR -46.8m (2012: EUR -65.7m) including EUR 47.1m of expenditures for intan-

gible assets, property, plant and equipment (2012: EUR 31.9m). The free cash flow amounted to EUR 53.4m (2012: 59.1m). The company's available liquidity increased in 2013 and cash including short-term investments grew from EUR 86.8m at the end of 2012 to EUR 104.3m at the end of 2013.

in millions of EUR	2013	2012	Change in %
Operating cash flow	100.2	124.8	-20%
Cash flow from investing activities	-46.8	-65.7	+29%
Free cash flow	53.4	59.1	-10%
Cash flow from financing activities	-37.9	-42.9	+12%
Cash and cash equivalents	83.4	67.9	+23%

3 Research and development

ams' technological leadership in the design and manufacture of high performance analog ICs is based on over 30 years of intensive research and development activities. In order to secure and strengthen its position, the company makes significant investments in research and development on a continuous basis. Research and development expenses were EUR 68.5m last year (18% of revenue) compared to EUR 59.0m in 2012 (15% of revenue). Research and development activities in product development included mainly the areas of Sensors

and Sensor Interfaces, Power Management and Wireless as well as the development of specialty variants of CMOS and SiGe processes for high-voltage and high-frequency applications. The average number of employees in research and development were 346 in 2013 (2012: 310).

Our R&D activities allowed the filing of various international patents as well as the publication of numerous papers in international specialist journals and at trade conferences last year.

4 Purchasing and manufacturing

In purchasing, costs for raw materials and assembly services were slightly reduced in 2013 which had a positive effect on the gross profit margin. Given continuously increasing personnel costs the cost pressures in manufacturing remain high.

Gross margin remained unchanged 52% (2012: 52%) due to a favorable product mix, high capacity utilization in manufacturing and a focus on higher margin products.

Internal production capacity was nearly fully utilized during the last year. Any unabsorbed fixed costs have been recorded in the income statement.

Across all manufacturing areas average capacity utilization was 100% in 2013. For 2014, the company assumes continued high levels of capacity utilization given the sustained positive demand situation for our products.

5 Employees

On average, ams had 1,394 employees in 2013 (2012: 1,282) of which 863 worked at the headquarters in Unterpremstätten (2012: 833). The increase consisting of approximately 25 employees is based on the acquisition of IDS in 2012.

ams recognizes its responsibility as one of the most important employers in the region. The company again offered a wide range of internal and external training and development opportunities for all employees last year and provided training positions for apprentices.

ams attempts to retain its employees with long-term remuneration systems. A profit sharing program for all ams employees augments the existing employee stock option program with an attractive direct component. As part of our comprehensive

compensation model this program honors every employee's contribution to ams' success.

The profit sharing program is an expression of ams' belief that its employees are the company's most important success factor. Owing to the decline in earnings in 2013, the total amount of distribution which depends on the operating profit before taxes in relation to full year revenues (EBT margin) decreased and totals to EUR 3.5m for 2013 (2012: EUR 10.6m).

Moreover, internal corporate and employee communications as well as regular employee events have been part of the company's human resources policy for many years and serve to ensure motivation and identification of all employees.

6 Environment

A responsible attitude towards the environment is a basic business principle at ams. The company is dedicated to meeting the highest ecological standards as well as making conservative use of resources and the environment. Consequently, ams has been certified to ISO 14001:2004 for a number of years.

Sustainability and efforts to preserve environmental resources and reduce energy costs and carbon dioxide emissions are major concerns for ams which have been supported by a range of activities for many years. Based on a thorough analysis

of ams' carbon dioxide emissions sources in 2009 measures to achieve continuing further reductions in carbon dioxide emissions are defined and implemented each year. Likewise, ams has set itself the mid-term goal of becoming fully carbon neutral as a company.

ams submits information regarding its carbon dioxide emissions to the Carbon Disclosure Project, a worldwide transparency initiative which has created the world's largest freely available database of corporate carbon dioxide emissions.

7 Subsidiaries and branch facilities

ams currently has subsidiaries in Switzerland, Italy, Germany, France, the United Kingdom, Spain, the USA, the Cayman Islands, the Philippines, Japan, Korea, Slovenia and India. The subsidiaries in the USA, Switzerland, Italy, Spain, the United Kingdom, Slovenia and India carry out development, marketing and sales activities, while the subsidiaries in Germany, France and Japan are active in marketing and sales and technical support. The subsidiary in Korea which was added through the acquisition of AMS-TAOS is responsible for sales and assembly in the region while the subsidiary in the Philippines is responsible for production activities in testing. Branch facilities exist in Hong Kong, Singapore, China and Taiwan.

The existing investment in FlipChip Holdings LLC, Phoenix, Arizona (USA), remained unchanged at 33.5% in 2013. Based on its patented Wafer-Level Packaging (WL-CSP) Technology, FlipChip Holdings develops high end packaging technologies and offers advanced packaging services. The investment in New Scale Technologies, Inc., Victor, New York (USA), also remained unchanged at 34.5%. New Scale Technologies develops piezo-based miniature motor technologies and licenses products and technologies to industrial partners.

8 Risk management

Operating on a global basis, the ams Group is exposed to a variety of risks that are inextricably linked to business activities. In order to identify, evaluate and counteract these risks in a timely manner, ams has developed and implemented tight internal risk management systems. This risk management system was implemented and benchmarked against best practices in conjunction with the company's auditors. The risk management process in place requires the business units to constantly monitor and evaluate risks. Regular risk

reports are prepared for the management board and supervisory board. This ensures that major risks are identified and counteraction can be taken at an early stage.

The internal audit function complements the risk management process. In close alignment with the supervisory board's audit committee it aims to analyze internal processes and if necessary propose improvements.

Business interruption risk

The company's state-of-the-art 200mm manufacturing facility went into operation in 2002, therefore the risk of breakdowns or prolonged downtime is relatively low. In addition, this risk is being further minimized by adopting a proactive approach to preventive maintenance. The business

interruption risk is also insured for the replacement price and against loss of earnings for 18 months. ams' insurer, FM Global, has awarded the company – as one of a select few semiconductor manufacturers – the HPR (highly protected risk) status.

Financial risks

Risk management is handled centrally by the treasury department in accordance with guidelines issued by the management board. These detailed internal guidelines regulate responsibility and ac-

tion parameters for the areas affected. The treasury department evaluates and hedges financial risks in close cooperation with the business units.

Receivables and credit risk

ams operates a strict credit policy. The creditworthiness of existing customers is constantly checked and new customers undergo a credit evaluation. Under ams' treasury and risk management policy, investments in liquid securities and transactions

involving derivative financial instruments are only carried out with financial institutions that have high credit ratings. As of the balance sheet date there were no significant concentrations of credit risk.

Interest rate risk

Interest rate risk – the possible fluctuation in value of financial instruments due to changes in market interest rates – arises in relation to medium and long-term receivables and payables (especially borrowings). ams' treasury policy ensures that part of the interest rate risk is reduced by fixed-interest borrowings. On the liability side, 25% of all amounts owed to financial institutions are at fixed

rates. Of the remaining borrowings on a floating rate basis (75%), 99% will be repaid over the next two years. The remaining floating rate borrowings undergo continual checks with regard to the interest rate risk. On the asset side, the interest rate risks are primarily with time deposits and securities in current assets that are tied to the market interest rate.

Foreign exchange risk

Financial transactions in the semiconductor industry are predominantly carried out in US dollars. To hedge the currency risk, all transaction and conversion risks are constantly monitored. Within the group, cash flows in the same currency are offset (netting). Currency fluctuations during foreign currency transactions mainly concern the US dollar. In order to hedge the remaining receivables positions, the company employs derivative financial instruments to a certain extent. These instruments mainly involve forward exchange transactions,

interest and currency options as well as interest and currency swaps. The use of derivative financial instruments and contracts to fix future exchange rates for foreign currency assets and liabilities substantially reduces the risk of changes in currency exchange rates for ams.

At the same time, due to the extreme volatility in the currency markets, it is not possible to engage in economically feasible efficient and low risk currency hedges.

Product liability and quality risk

The products manufactured by ams are integrated in complex electronic systems. Faults or functional defects in the products produced by ams may have a direct or indirect effect on the property, health or life of third parties. The company is not in a position to reduce or exclude its liability towards consumers or third parties in sales agreements. Every product that leaves the company undergoes sever-

al qualified checks regarding quality and function. In spite of quality control systems certified to ISO/TS 16949, ISO/TS 13485, ISO 9001 und ISO 14001, product defects may occur and possibly only show up after installation and use of the finished products. Although this risk has been appropriately insured, quality problems could negatively impact ams' assets, financial and earnings position.

Patent infringement risk

ams manufactures complex microchips using various process technologies, line widths and production facilities. Like industry competitors, the company constantly has to develop these technologies further. Should ams infringe any additional patents while consistently monitoring processes,

production methods and design blocks protected under patent law as well as related comprehensive licensing, this may negatively impact the assets, financial and earnings position of the company as well as the ams share price.

9 Events after the Balance Sheet Date

No transactions had a significant effect on ams' financial position, assets or earnings after the closing of the fiscal year.

10 Outlook

In addition to indications of a clearly more positive development of the world economy, industrial production and private consumption, which should boost a further upswing in the semiconductor industry, ams expects meaningful higher business volumes in 2014 based on several attractive design-wins and innovative sensor solutions brought to market.

Looking at the analog segment of the worldwide semiconductor industry, market researchers assume a higher growth in market volumes compared to 2013, which is nevertheless expected in the mid-single digit percentage range (WSTS, December 2013). In contrast, ams attempts to achieve a revenue growth rate significantly above the expected market growth rate for the current year. With increased revenues compared to the previous year and continued high capacity utilization, ams anticipates an improvement in gross profit margin compared to 2013.

Accordingly ams expects stronger growth of the operating and net result compared to revenue growth in 2014.

In case 2014 shows a much weaker global demand for semiconductors and a weaker development of the macroeconomic environment as expected and/or the US dollar weakens notably, the impact on the business development of ams would be profound.

The market success of ams' solutions in smartphones and tablets, the integration of innovative sensor functionalities into mobile devices, new applications in the wireless business, high-quality medical systems as well as inventive sensor systems for industrial and automotive applications, create meaningful short- and mid-term growth opportunities for ams.

The expansion of business with key customers in all markets, the broadening of the worldwide customer base and the increase of sales with distributors remain mid-term strategic priorities for ams.

11 Other Information

Regarding the information related to equity and investments please refer to the notes of the financial statements.

Unterpremstätten, February 3, 2014



Kirk Laney
CEO



Michael Wachsler-Markowitsch
CFO