

Myriad Group AG

2011 Half Year Results

Business Update

Media & Analyst Conference
September 7, 2011
SIX Swiss Exchange, Zurich

Agenda

H1 2011 Financial Report

James Bodha
Chief Financial Officer

Business Update

James Bodha

Q&A session

James Bodha

H1 2011 – Key results

7% growth in underlying revenues and continued strong profitability

	H1 2010	H1 2011
USD million		
Revenue	57.9	35.1
Gross profit ¹	40.7	25.7
EBITDA ²	12.6	7.3
EBITDA margin	22%	21%
EBIT ³	0.3	0.4
Net result	0.1	(4.6)

- 7% revenue growth year on year excluding Sagem revenues

- Continued strong EBITDA margin above 20%

Notes:

(1) Gross profit before amortisation and impairment

(2) Underlying EBITDA before restructuring costs in H1 2011 of \$2.4m (H1 2010: nil), and before exceptional legal cost of \$1.2m in H1 2011 (H1 2010: nil)

(3) EBIT before exceptional charges or income

H1 2011 – Key Figures

Underlying EBITDA³ of \$7.3m and margin of 21%

USD million	H1 2010	H1 2011
License revenue	38.1	21.3
Service revenue	19.8	13.7
Total revenue	57.9	35.1
Gross profit ¹	40.7	25.7
<i>Gross margin</i>	70%	73%
R&D, net	(16.6)	(7.5)
SG&A ²	(15.1)	(12.0)
Other income, net	3.1	0.5
EBITDA ³	12.6	7.3
<i>EBITDA margin</i>	22%	21%
EBITDA ⁴	12.6	3.6

- Sagem revenues accounted for c. \$25m in H1 2010

- Lower R&D cost reflects cessation of R&D associated with Sagem and shift of resources to China

- Lower SG&A reflects continued back-office rationalisation

- Reduction in other income reflects reclassification of R&D tax credits to below EBITDA and one-off grant income in 2010

Notes:

(1) Gross profit before amortisation and impairment

(2) Includes depreciation charges of \$0.6m in H1 2011 (H1 2010: \$0.5m)

(3) Before restructuring costs of \$2.4m in H1 2011 (H1 2010: nil) and exceptional legal costs \$1.2m (H1 2010: nil)

(4) Including restructuring costs of \$2.4m in H1 2011 (H1 2010: nil) and exceptional legal costs \$1.2m (H1 2010: nil)

H1 2011 – Operating Expenses

Total operating expenses lower year on year

USD million	H1 2010	<i>in % of Revenue</i>	H1 2011	<i>in % of Revenue</i>
Research & Development ¹	16.6	29%	7.5	21%
Sales & Marketing	6.6	11%	5.5	16%
General & Administrative ²	8.5	15%	6.5	18%
Total OPEX	31.7	55%	19.5	56%
R&D capitalisation	2.9		2.4	

- Reduced R&D reflects no Sagem Wireless investment in 2011, and shift of resources to China

- Higher Sales & Marketing cost as a % of revenue reflects continued focus to exploit market potential

- G&A expenses significantly reduced following continued back office cost rationalisation

Notes:

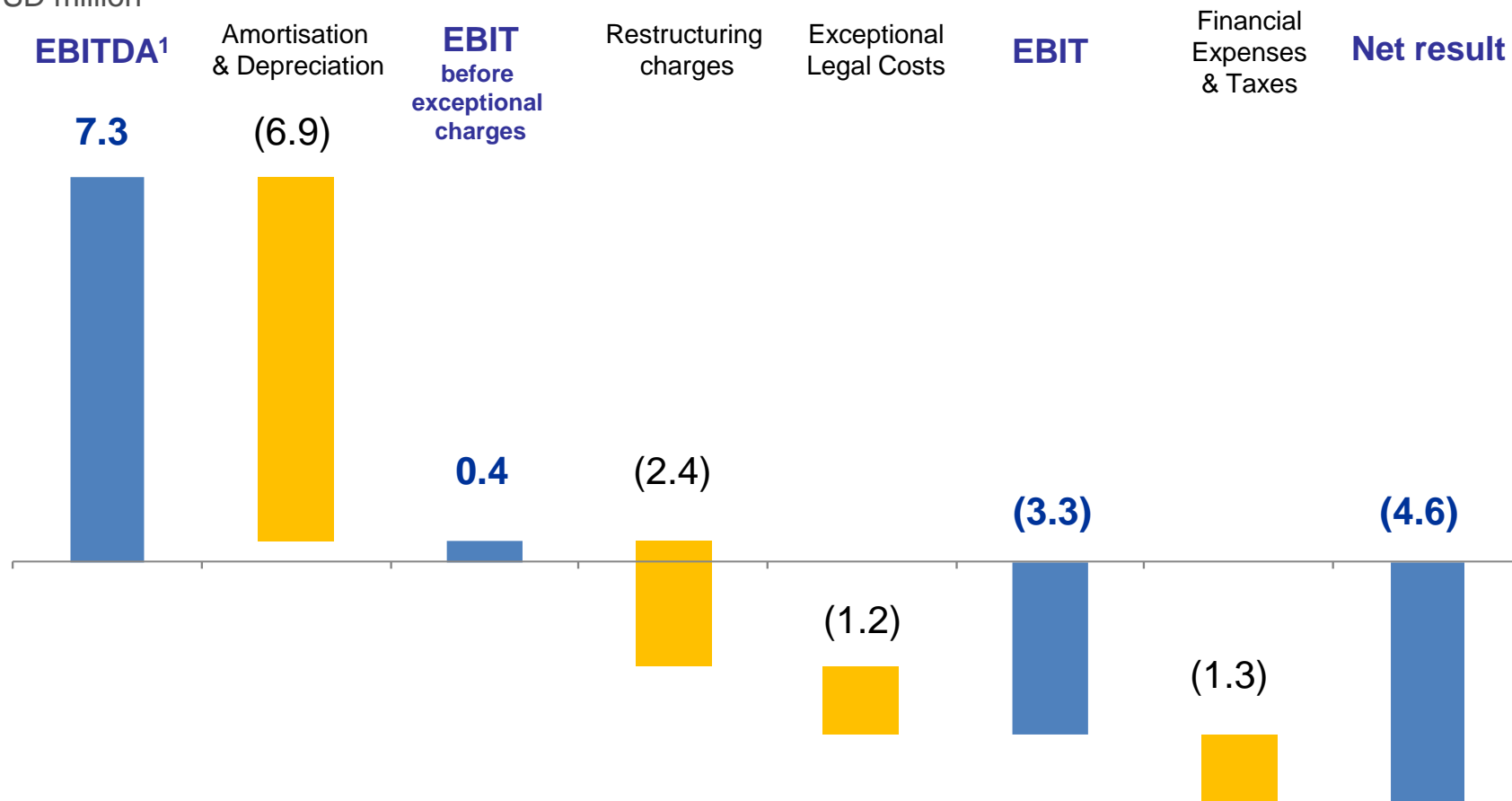
(1) R&D net, after capitalisation

(2) Includes depreciation charges of \$0.6m for H1 2011 (H1 2010: \$0.5m)

Development of H1 2011 EBIT and Net Result

EBIT \$0.4m before exceptional charges

USD million



Notes:

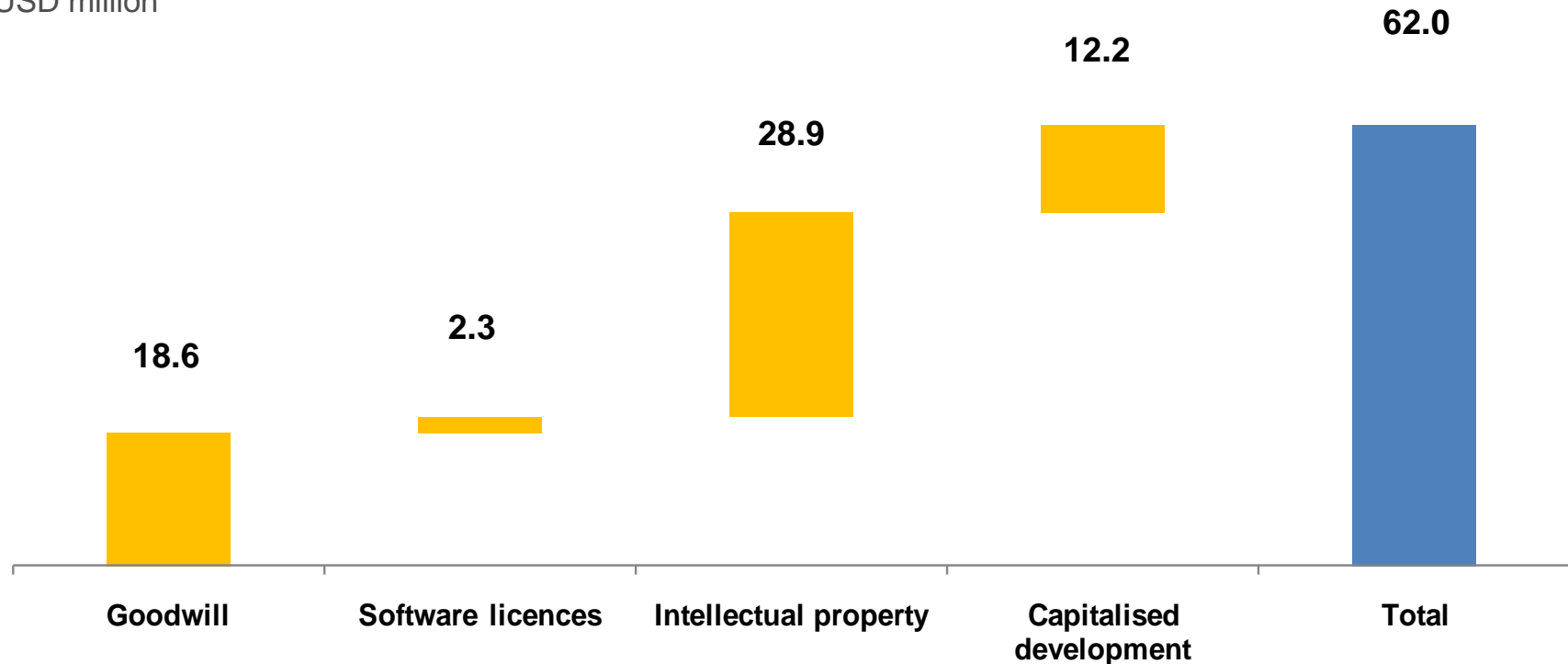
(1) Before restructuring costs and exceptional legal costs

Intangible Assets

Amortisation of \$6m in H1 2011 in line with expected annualised level of \$10-\$12m p.a.

Intangible Assets as of 30 Jun 2011

USD million



Order Backlog & Cash Balance

Reduction in cash position reflecting Sagem restructuring cost

USD million	Dec 31, 2010	Jun 30, 2011
Order Backlog	31.4	31.4
Cash Balance ¹	33.7	16.4
Net Cash ²	30.5	13.6
Operating Cash flow	(7.7)	(13.8)

- Order backlog sustained
- Reduction in cash position reflects payments for Sagem restructuring costs and back office rationalisation
- Cash inflow of \$12m in September 2011 from settlement of legal dispute with Openwave Systems Inc.

Notes:

(1) Cash and cash equivalents, including short-term investments and marketable securities

(2) Cash and cash equivalents, including short-term investments and marketable securities, less interest bearing loans

H1 2011 – Segment Reporting

Device Solutions driving revenue and profit

USD million	Device Solutions	Mobile Services	Myriad Group
License revenue	20.0	1.3	21.3
Service revenue	9.5	4.2	13.7
Total revenue	29.5	5.6	35.1
Gross profit ¹	22.8	2.9	25.7
Gross margin	77%	53%	73%
EBITDA ²	10.1	(2.8)	7.3
EBITDA margin	34%	N/A	21%

Notes:

(1) Gross profit before amortisation and impairment

(2) EBITDA before restructuring costs and exceptional legal costs

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World's Leading Mobile Software & Services Company

Business

- Software for Mobile & Consumer Electronics
- Mobile – Web convergent services

Markets

- Global mobile handset market with focus on 'mass-market' segment
- Connected Home : Set-Top Boxes, Blu-Ray & Televisions

Leadership

- #1 in Browsers and Middleware (messaging)
- Nearly 4 billion mobile phones with our software

Location

- Headquartered and listed in Switzerland; global presence

Size

- 481 employees as of 30 June 2011

History

- Formed March 2009: combination of Esmertec & Purple Labs



Highlights from H1 2011

Device Solutions

New Customers



Java software on global mobile chip-set shipments

Building Relationship



Java software powering Blu-ray players

New Products

Intelligence Hub – in-depth analytics from mobiles, tablets, etc

Mobile Services

Deliver mobile social network services to 160m users in MENA



Preferred supplier for self-care systems across Latin America



Updates – first internet experience for emerging markets

Growing our Business in 2011, and Beyond

Scale &
Distribution



Trusted
& Simple

- Nearly 4bn apps shipped & billions of messages processed each year
- Long-term relationships with top 5 device brands & Tier 1 mobile groups

1. **New customers:** build volume in existing accounts & sign up new customers
2. **High growth sectors:** Social Networking & Android/ Java

- Multi-technology engineering expertise & world-class management
- Rich product portfolio, sizeable R&D, independent of technology

Existing and New Customer Growth



- Build volume in existing accounts
 - ▶ Strong shipment volumes experienced for Myriad Java clients generally
 - ▶ Significant contract renewals with for example MTK
- Sign new customers
 - ▶ Rich pipeline for Java client in 'Connected Home' segment

Mobile Social Networking Services



- Myriad Integrated Messaging: Telefónica Latin America
 - ▶ Roll-out commenced – 5 OpCos live by Sep 2011
 - ▶ Total regional cover targeted for end of year
 - ▶ Early results show impressive impact during trial periods
 - ▶ 60% migrate from trial (1 week free) to paid service
 - ▶ Strong (and rising) ARPU uplift recorded
 - ▶ Attracting additional deals, e.g. Info2Cell
- Myriad Updates
 - ▶ Entry level mobile Internet – no data plan needed
 - ▶ Focus on emerging markets in Asia, Africa & Latin America
 - ▶ Major emerging operator LOI signed
 - ▶ Further Tier 1 launches planned in India, Egypt + others in H2 2011

Android



- Increasing Consumer Choice – Myriad Alien Dalvik
 - ▶ Let Android apps work on any device OS
 - ▶ Reducing investment for developers & solution providers
 - ▶ Demand from Connected Home, Car and Avionic sectors

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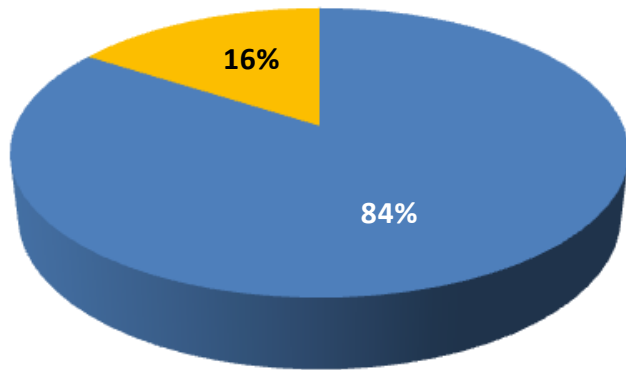
Thank You

Appendix

H1 2011 – Revenue Breakdown

by Division

Mobile Services Division



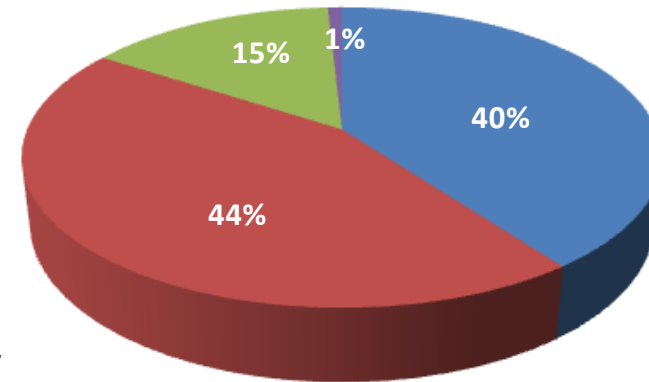
Device Solutions Division

by Customers

Telefonica



Other customers MSD

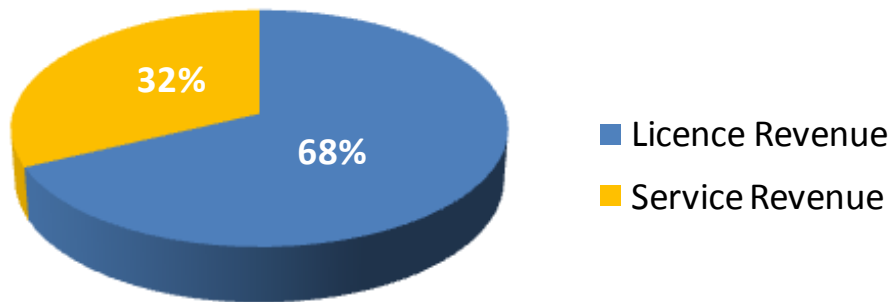


Other customers DSD

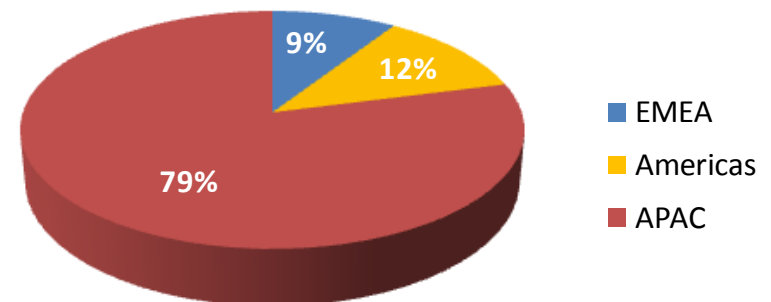
Device Solutions Division

Device Solutions – H1 2011 Revenue Breakdown

By Type

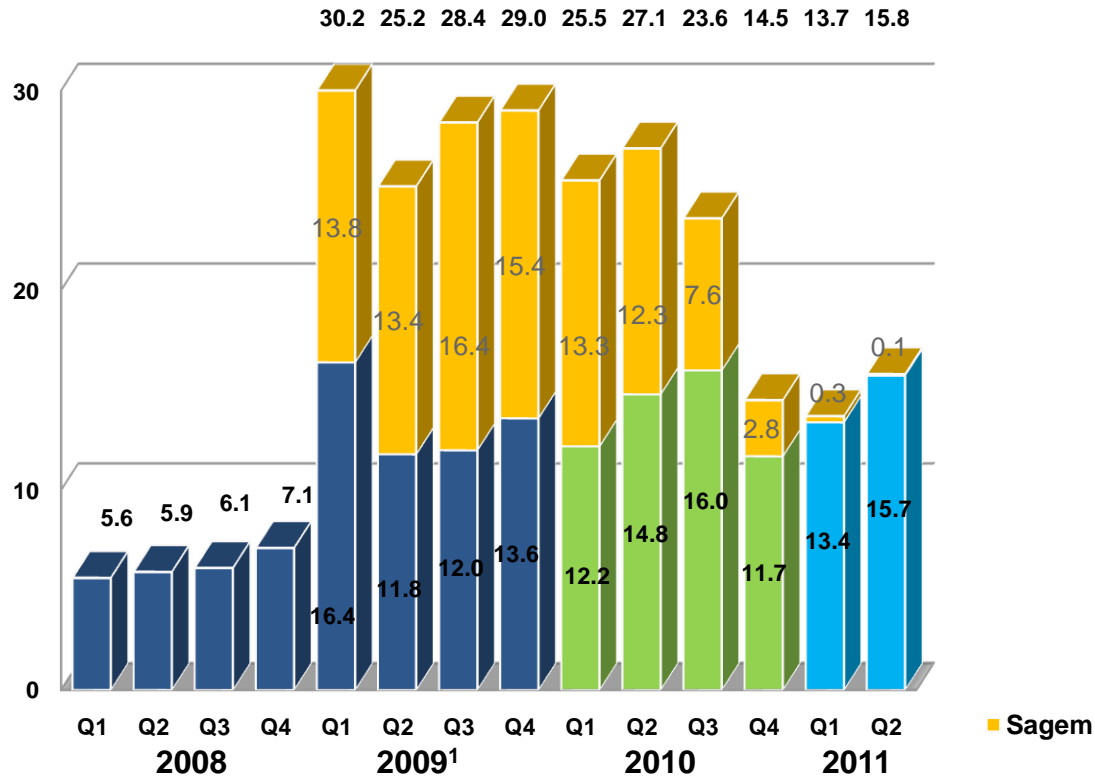


By Region



Device Solutions – H1 2011 Revenue \$29.5m

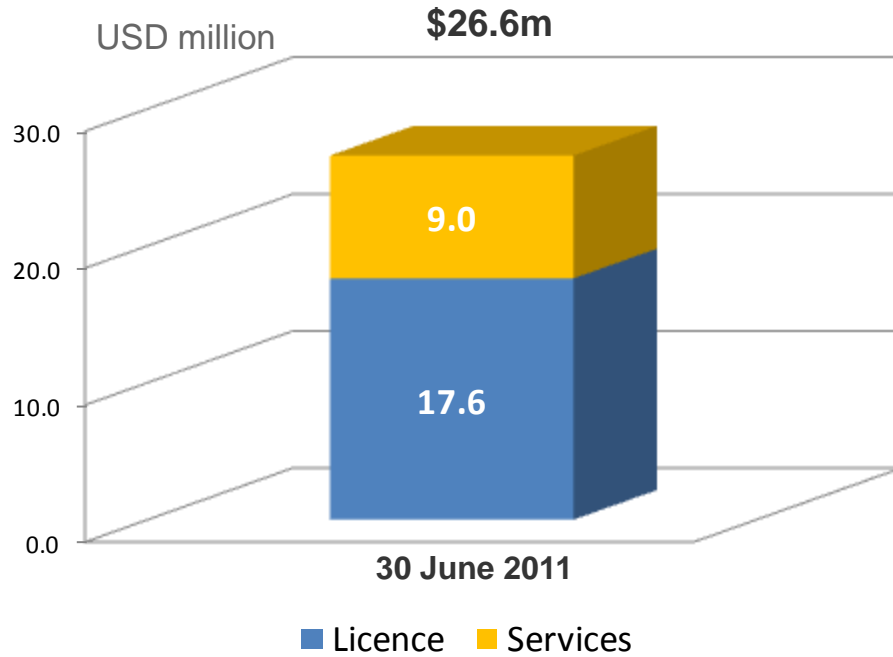
USD million



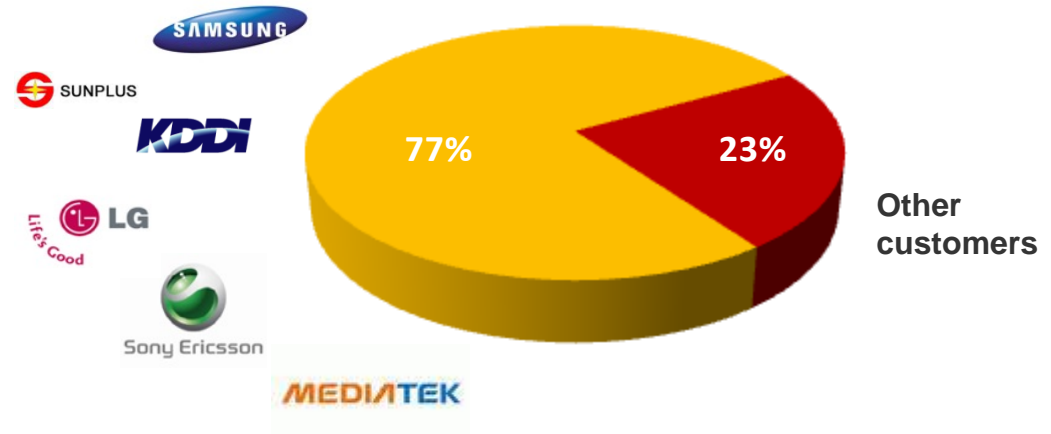
- 8% growth on H1 2010 revenues excluding Sagem

Notes:
 (1) Pro forma, including Q1 2009 Purple Labs results

Device Solutions – Order Backlog \$26.6m at 30 June 2011



- We expect to recognise 67% in next 4 quarters



Note: order backlog does not include future revenue from Per-Unit Royalties contracts.

Device Solutions – H1 2011 Profitability

USD million	H1 2010	H1 2011
License revenue	36.5	20.0
Service revenue	16.1	9.5
Total revenue	52.6	29.5
Gross profit¹	38.1	22.8
<i>Gross margin</i>	72%	77%
R&D, net	(14.0)	(4.8)
SG&A ²	(10.7)	(8.9)
Other income, net	2.8	0.5
EBITDA ³	16.7	10.1
<i>EBITDA margin</i>	32%	34%

- 8% growth in underlying revenues excluding Sagem
- Device Solutions Division continued strong profitability in H1 2011

Notes:

(1) Gross profit before amortisation and impairment

(2) Includes depreciation charges of \$0.6m in H1 2011 (H1 2010: \$0.5m)

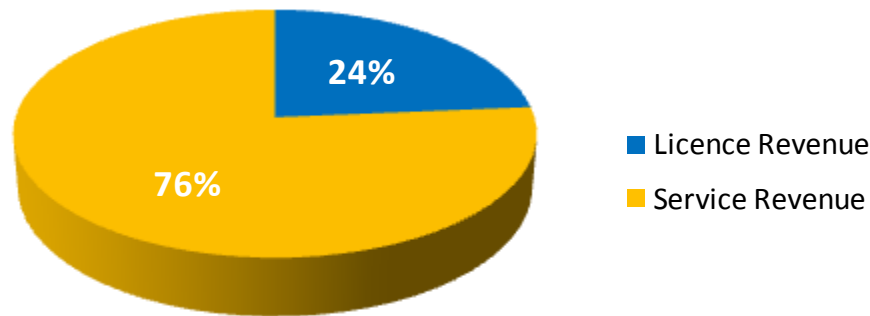
(3) Before restructuring costs of \$2.0m in H1 2011 (H1 2010: nil) and exceptional legal costs of \$1.2m (H1 2010: nil)

Mobile Services Division

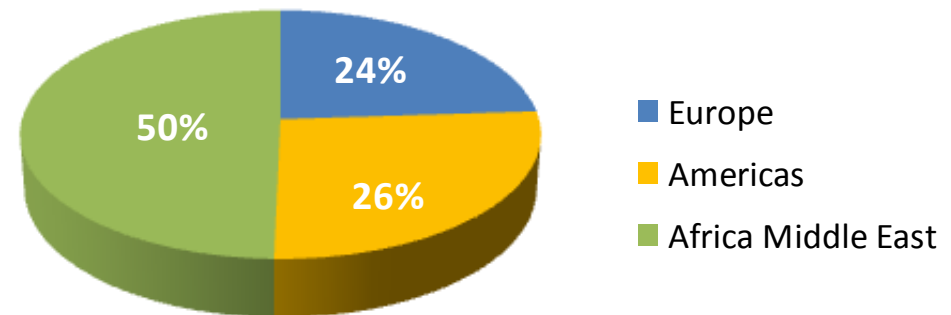
Mobile Services – H1 2011 Revenue Breakdown

Revenue mix continues to be driven by Services

By Type

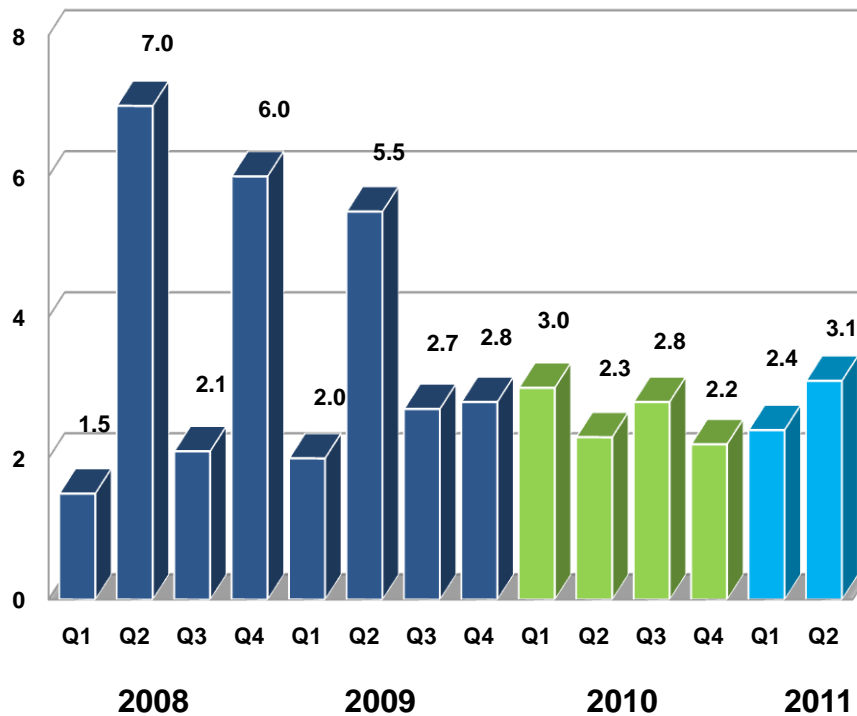


By Region



Mobile Services – H1 2011 Revenue \$5.6m

USD million

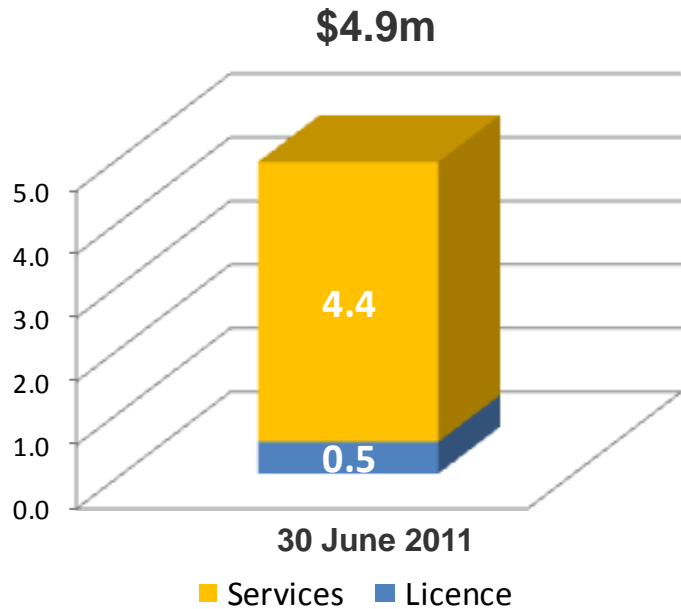


- 5% growth on H1 2010 revenues
- Revenues from Telefónica Latam have not yet started to contribute

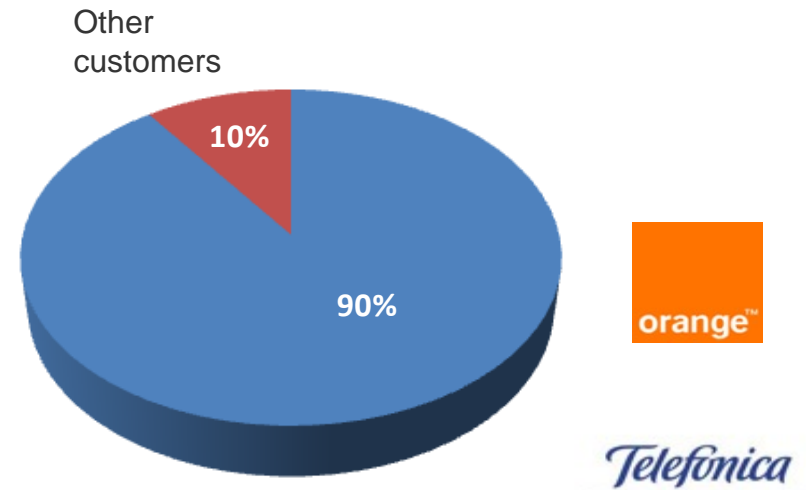
Mobile Services – Order Backlog 30 Jun 2011

\$0.6m increase in backlog compared to 31 Dec 2010

USD million



- We expect to recognise 95% in the next 4 quarters



Mobile Services – H1 2011 Profitability

Continued investment in infrastructure

USD million	H1 2010	H1 2011
License revenue	1.7	1.3
Service revenue	3.6	4.2
Total revenue	5.3	5.6
Gross profit	2.6	2.9
<i>Gross margin</i>	50%	53%
R&D, net	(2.7)	(2.7)
SG&A	(4.4)	(3.0)
Other income, net	0.3	0.0
EBITDA ¹	(4.1)	(2.8)
<i>EBITDA margin</i>	n/a	n/a

- H1 2011 revenues do not include revenues driven from Telefónica Latam contract
- Reduced SG&A reflects continued back office rationalisation

Notes:

(1) Before restructuring costs of \$0.5m in H1 2011 (H1 2010: nil)

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