



AT&S
First choice for advanced applications
Conference Call - H1 2018/19
October 31, 2018

AT&S

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft | Fabriksgasse 13 | A-8700 Leoben
Tel +43 (0) 3842 200-0

www.ats.net

Table of Contents

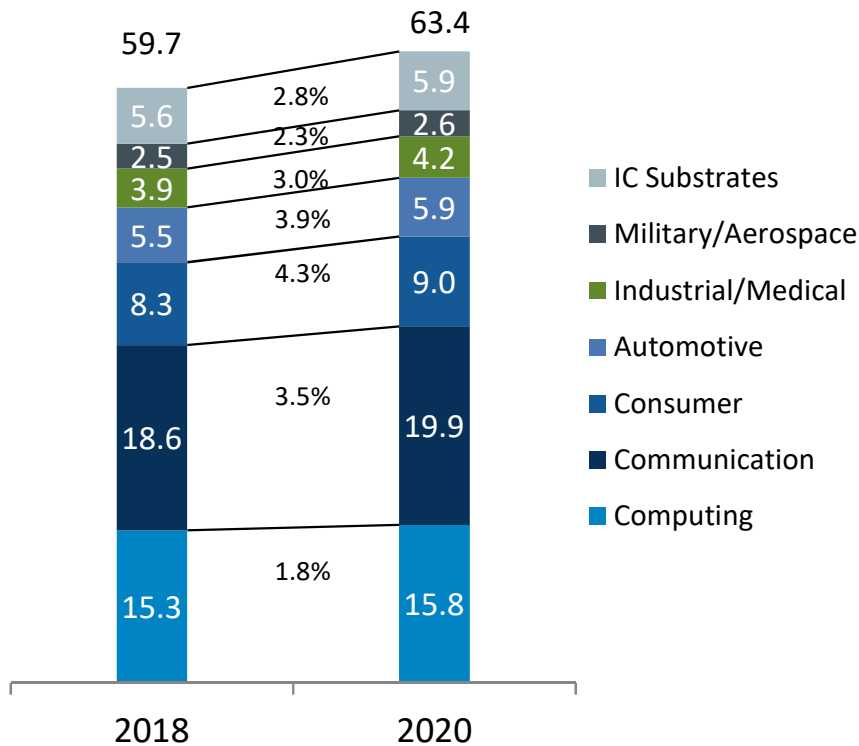
Market Update and Business Highlights

Financials

Outlook

PCB & IC substrates market – Overview

Forecast for the total PCB & IC substrates market until 2020: CAAGR of 3.1%



USD in billions
 Source: Prismark, February 2018; Yole, March 2018

- IC substrates
 - Growing demand for server processors with positive impact on IC substrates
 - Growth opportunities for “Systems-in-Package” driven by miniaturisation and reduced time to market of electronic products
- Industrial / Medical
 - Growth driven by automation /Industry 4.0 activities, robotics, LED lighting
 - High profitability applications such as mobile diagnostics and therapy as well as medical imaging
- Automotive
 - Main growth drivers are autonomous driving (e.g. RADAR, LIDAR, cameras, central processing) and electrification of vehicles
- Consumer
 - Market trend towards (wireless) connectivity of smart devices enabling the “Internet of Things” – “IoT”
- Communication
 - New 5G connectivity standard will offer strong growth opportunities for high-data rate and low latency (“real-time”) applications
- Computing
 - Growth in servers against stagnating market in PC, notebook and tablet

Key highlights

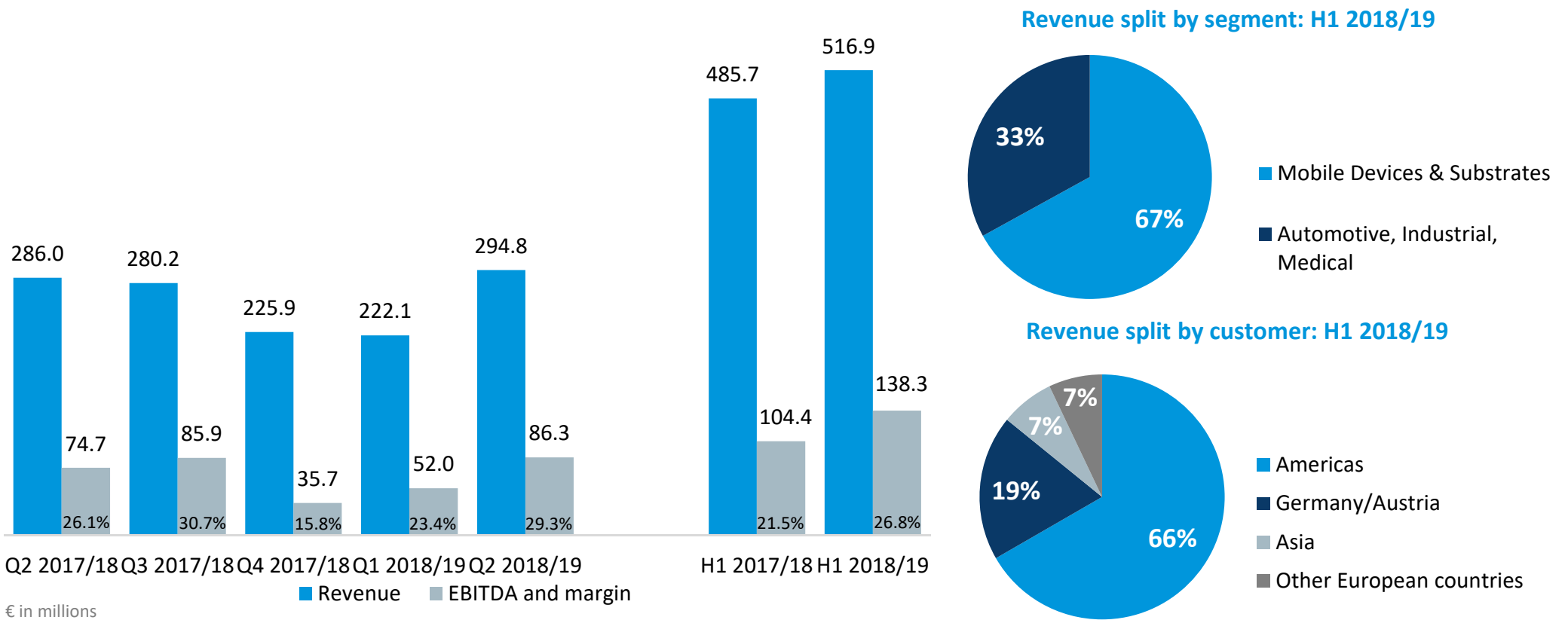
AT&S increases profitable growth in the first half-year

- Strengthened positioning as technology leader in a challenging industry
 - One of the top 3 companies worldwide for high-end interconnect solutions
 - Successful positioning in the high-frequency product area
- Strong revenue and earnings development in the first half-year
 - Additional output from the plants in Chongqing
 - Very good demand for IC substrates
 - Improving development in Medical & Healthcare
 - Supply constraints in key components are slowing down demand in Automotive and Industrial
 - Stricter emission tests due to the diesel scandal temporary reduce the demand for automotive PCBs
- Excellent profitability with an EBITDA margin of 26.8%
 - Higher contribution margin mainly from Chongqing
 - Improved product portfolio for IC substrates supports results

Revenue and EBITDA development

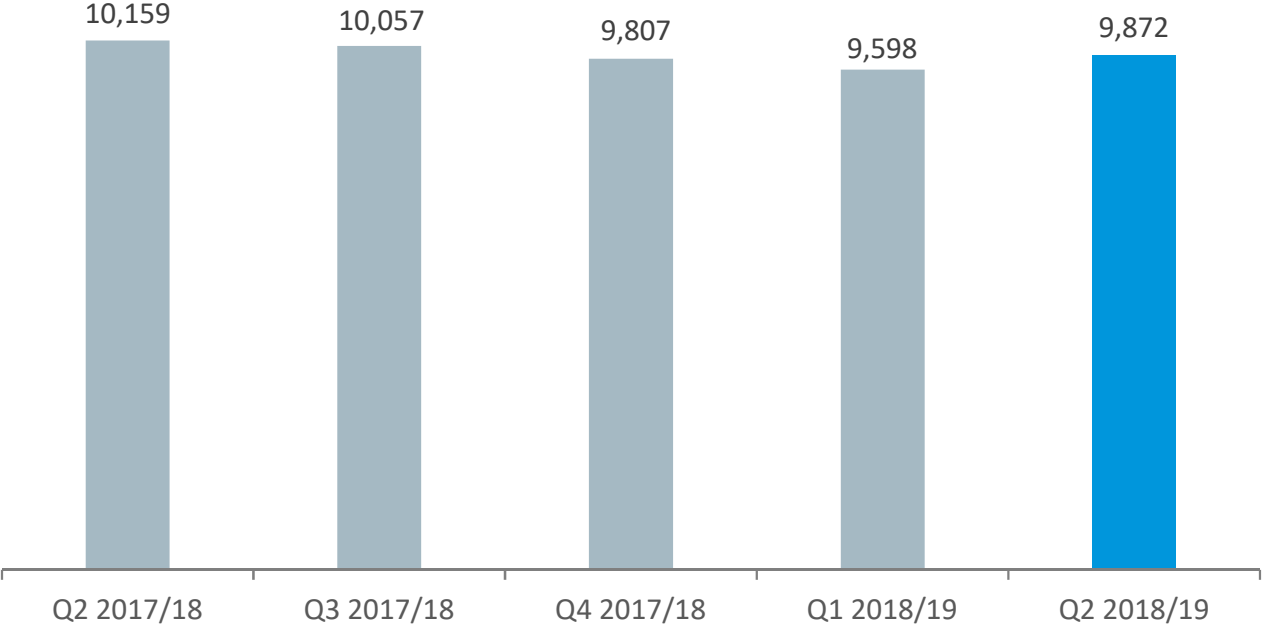
Revenue: YoY: +6.4%: Additional revenue from Chongqing and higher demand for IC substrates

EBITDA: YoY: +32.5%: Absence of start-up costs from Chongqing and improved product portfolio for IC substrates



Headcount

Efficiency and productivity improvement resulted in headcount reduction



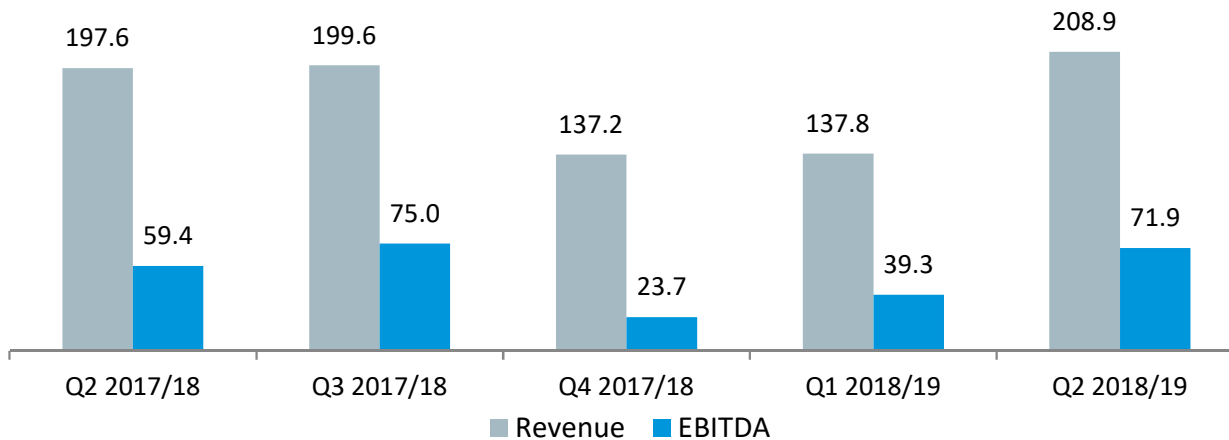
* incl. contractors, FTE, average for the period

Business Development – Mobile Devices & Substrates

€ in millions (unless otherwise indicated)	H1 2017/18	H1 2018/19	Change in %
Revenue	358.9	391.5	9.1%
Revenue with external customers	311.2	346.7	11.4%
EBITDA	80.3	111.2	38.4%
EBITDA margin	22.4%	28.4%	

- Higher revenue and earnings from Chongqing
- Revenue negatively impacted by FX effects
- Absence of start-up costs from Chongqing
- Improved product portfolio for IC substrates
- Successfully implemented efficiency and productivity improvement measures

Revenue* and EBITDA



€ in millions; * Revenue with external customers

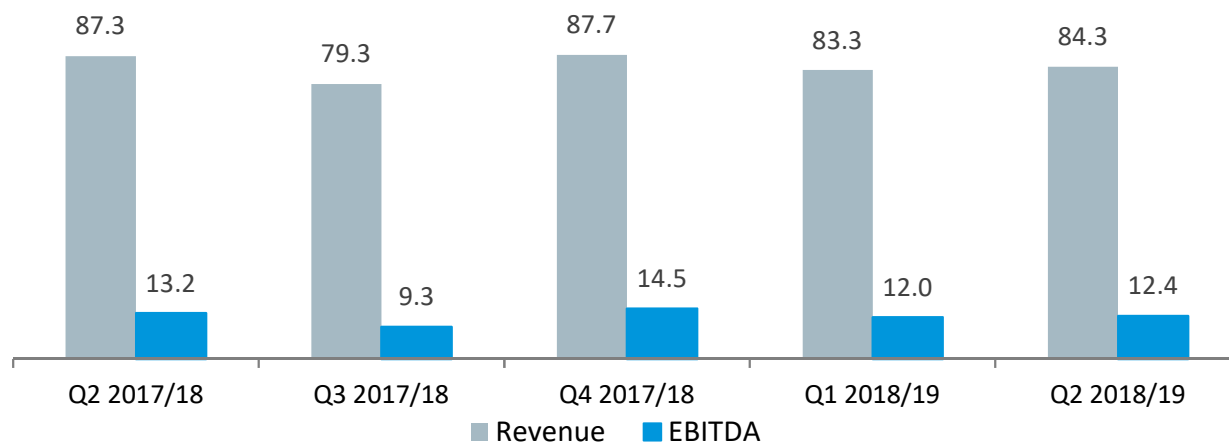
Business Development – Automotive, Industrial, Medical



€ in millions (unless otherwise indicated)	H1 2017/18	H1 2018/19	Change in %
Revenue	184.8	178.9	-3.2%
Revenue with external customers	172.3	167.6	-2.7%
EBITDA	23.0	24.4	6.2%
EBITDA margin	12.4%	13.6%	

- Medical & Healthcare with high demand
- Diesel scandal and resulting lower sales in car industry temporarily slow down demand
- Supply constraints in key components are slowing demand in Automotive and Industrial
- EBITDA margin improves due to product mix while positive FX effects offset decline in volumes

Revenue* and EBITDA



€ in millions; * Revenue with external customers

Table of Contents

Market Update and Business Highlights

Financials

Outlook

Financials H1 2018/19

€ in thousands (unless otherwise stated)	H1 2017/18	H1 2018/19	Change YoY
STATEMENT OF PROFIT OR LOSS			
Revenue	485,680	516,857	6.4%
produced in Asia	84%	86%	2pp
produced in Europe	16%	14%	(2pp)
EBITDA	104,354	138,262	32.5%
EBITDA margin	21.5%	26.8%	5.3pp
EBIT	36,876	71,943	95.1%
EBIT margin	7.6%	13.9%	6.3pp
Finance costs – net	(5,575)	(95)	98.3%
Income taxes	(15,867)	(16,476)	(3.8%)
Profit for the period	15,434	55,372	>100%
Earnings per share	€ 0.40	€ 1.32	>100%

➔ Additional revenue contribution mainly from Chongqing
Negatively impacted by FX development

➔ Higher contributions to earnings from Chongqing
Other result positively effected by FX valuation of accounts receivables

➔ Positive FX effects
Lower interest net-expenses

➔ Tax scheme in Shanghai considered

Financials H1 2018/19

€ in thousands (unless otherwise stated)

	31 Mar 2018	30 Sep 2018	Change
STATEMENT OF FINANCIAL POSITION			
Non-current assets	944,267	862,402	(8.7%)
Current assets	586,172	958,364	63.5%
Equity	711,391	738,312	3.8%
Non-current liabilities	515,276	664,579	29.0%
Current liabilities	303,772	417,875	37.6%
Total assets	1,530,439	1,820,766	19.0%
Net debt	209,237	196,700	(6.0%)
Net gearing	29.4%	26.6%	(2.8pp)
Net working capital	72,437	173,848	>100%
Net working capital per revenue	7.3%	16.8%	9.5pp
Equity ratio	46.5%	40.5%	(6.0pp)

→ Increase in cash, financial assets and accounts receivables

→ Increase mainly due to higher profit for the period
Negatively impacted by FX effects

→ Increase mainly due to seasonal effects of accounts receivables

→ Issue of a promissory note led to higher total assets and therefore lower equity ratio

Financials H1 2018/19

€ in thousands	H1 2017/18	H1 2018/19	Change YoY
STATEMENT OF CASH FLOWS			
Operating result (EBIT)	36,876	71,943	95.1%
Paid/received interests	(5,496)	(2,737)	50.2%
Paid taxes	(12,374)	(12,567)	(1.6%)
Non cash bearing of profit or loss	68,200	54,001	(20.8%)
Cash flow from operating activities before changes in working capital	87,206	110,640	26.9%
Changes in working capital	(43,588)	(52,616)	(20.7%)
Cash flow from operating activities	43,618	58,024	33.0%
Cash flow from investing activities	(95,062)	(130,932)	(37.7%)
Cash flow from financing activities	(3,630)	249,798	>100%
Change in cash and cash equivalents	(55,074)	176,890	>100%
Operating free cash flow ¹⁾	(51,352)	20,107	>100%
Free cash flow ²⁾	(51,444)	(72,908)	(41.7%)

- ➔ Higher operating result
- ➔ Thereof CAPEX (€ 38mn) and temporary net investment in financial assets (€ 93mn)
- ➔ Issue of a promissory note
- ➔ Positive due to improved operating cash flow and lower CAPEX needs

¹⁾ Cash flow from operating activities minus Net CAPEX

²⁾ Cash flow from operating activities minus cash flow from investing activities

Table of Contents

Market Update and Business Highlights

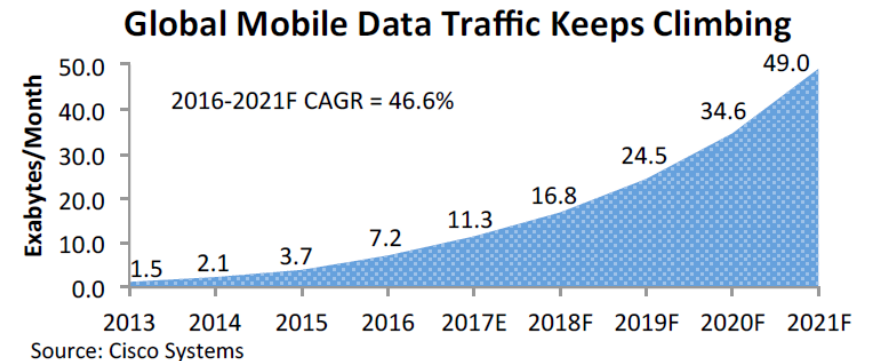
Financials

Outlook

Future-oriented investment in new technology development

On track to become one of the worldwide leading interconnect solutions provider

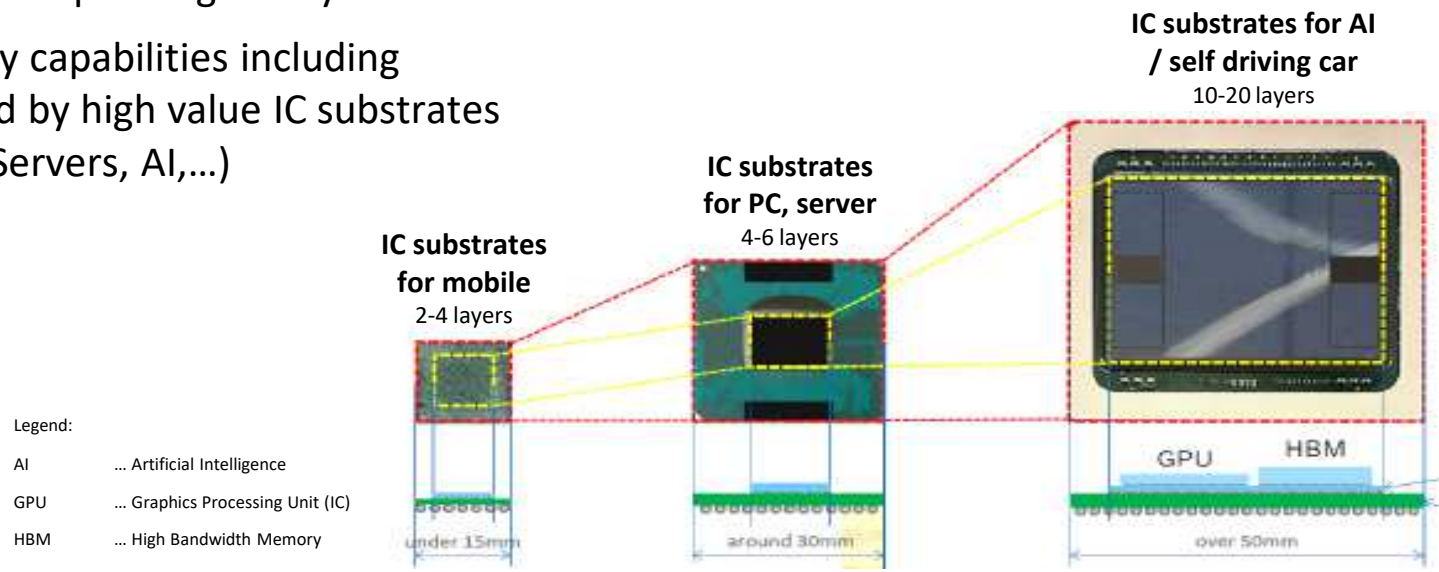
- Mega trends such as connected systems, autonomous driving or artificial intelligence require higher data rates and volumes as well as high performance density
- Global data traffic increases at ~50% annually
- Requirements for interconnect technology also increase
- Growing data volumes caused by digitalisation result in higher capability requirements of components
- Good opportunity for AT&S to initiate the next step in technology development and hence second phase of expansion at plant 1 in Chongqing with an investment volume of up to € 160 million
 - Stepwise technology implementation in the next two to three years



Technology development for High Performance Computing

Artificial Intelligence and Servers drive the need for advanced substrates

- Global data traffic drives the need for processor ICs for servers (annual growth of 6%) supporting cloud computing
- Autonomous driving, robotics and various smart consumer applications drive the need for Artificial Intelligence requiring new AI Processors and Memories
 - ~6% CAGR for ABF substrate market segment (~\$ 2.8bn by 2021) served by AT&S
- More complex applications like AI require higher layer counts and substrate sizes
- Enhancement of AT&S technology capabilities including embedding capabilities as needed by high value IC substrates used in Advanced Applications (Servers, AI,...)



Source: Techsearch, Prismark, Amkor, Intel

Outlook for 2018/19

- CAPEX for 2018/19 of € 140 to 160 million (maintenance, technology upgrades for current business operations as well as for capacity and technology expansions)
- Capacity increase of high-frequency printed circuit boards in the area of autonomous driving at the sites in Nanjangud, India and Fehring, Austria already on track

- Guidance for the financial year 2018/19 upgraded
 - Considering a positive market and economic environment and taking into account seasonal effects in the fourth quarter of the current financial year 2018/19
 - Based on stable exchange rates
- Revenue growth of 6 to 8% (previously up to 6%)
- EBITDA margin in the range of 24 to 26% (previously up to 23%)

Disclaimer

This presentation is provided by AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, having its headquarter at Fabriksgasse 13, 8700 Leoben, Austria (“AT&S”), and the contents are proprietary to AT&S and for information only.

AT&S does not provide any representations or warranties with regard to this presentation or for the correctness and completeness of the statements contained therein, and no reliance may be placed for any purpose whatsoever on the information contained in this presentation, which has not been independently verified. You are expressly cautioned not to place undue reliance on this information.

This presentation may contain forward-looking statements which were made on the basis of the information available at the time of preparation and on management’s expectations and assumptions. However, such statements are by their very nature subject to known and unknown risks and uncertainties. As a result, actual developments, results, performance or events may vary significantly from the statements contained explicitly or implicitly herein.

Neither AT&S, nor any affiliated company, or any of their directors, officers, employees, advisors or agents accept any responsibility or liability (for negligence or otherwise) for any loss whatsoever out of the use of or otherwise in connection with this presentation. AT&S undertakes no obligation to update or revise any forward-looking statements, whether as a result of changed assumptions or expectations, new information or future events.

This presentation does not constitute a recommendation, an offer or invitation, or solicitation of an offer, to subscribe for or purchase any securities, and neither this presentation nor anything contained herein shall form the basis of any contract or commitment whatsoever. This presentation does not constitute any financial analysis or financial research and may not be construed to be or form part of a prospectus. This presentation is not directed at, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.