



AT&S

First choice for advanced applications

Debt Investor Call
18th November 2019

AT&S

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Table of Contents



Company Overview



Market Update



Financials H1 2019/20 & Outlook



Investment in the future of AT&S





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Company Overview

FOR
ADVANCED
APPLICATIONS

AT&S – a world leading high-tech PCB & IC substrates company

AT&S

High-end interconnect solutions
for
Mobile Devices, Automotive, Industrial,
Medical Applications and Semiconductor
Industry

Outperforming
market growth
over the last
decade

1
high-end PCB producer
worldwide*

Among the top
PCB producers
worldwide

€ 1bn
revenue in
FY 2018/19

Efficient global production
footprint with
6
plants in Europe and Asia

~ 10,000
Employees**

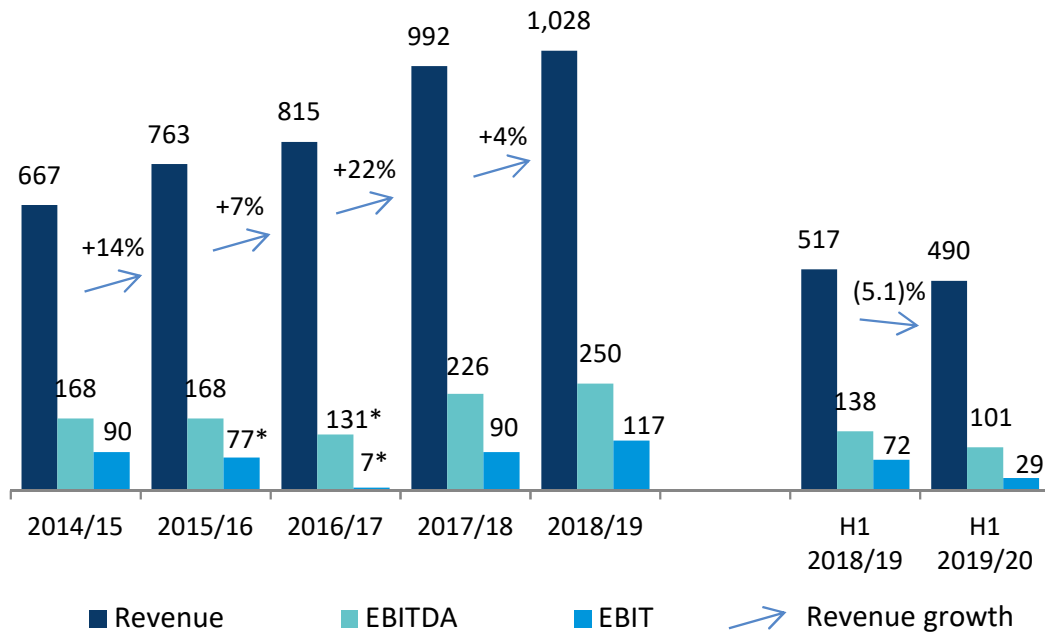
* For CY 2018
Source: Prismark

** For AT&S FY 2018/19

AT&S – Key Facts



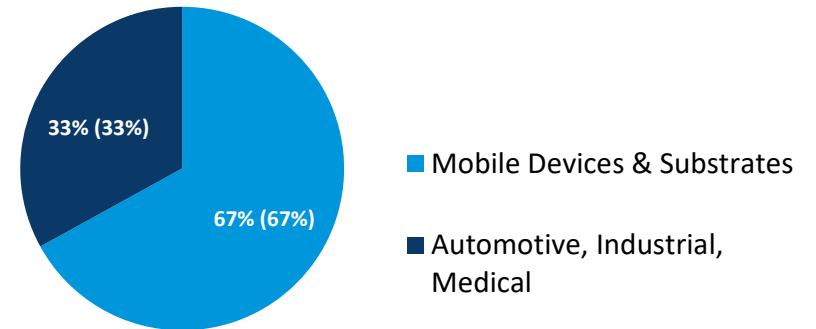
1 Strong growth track record



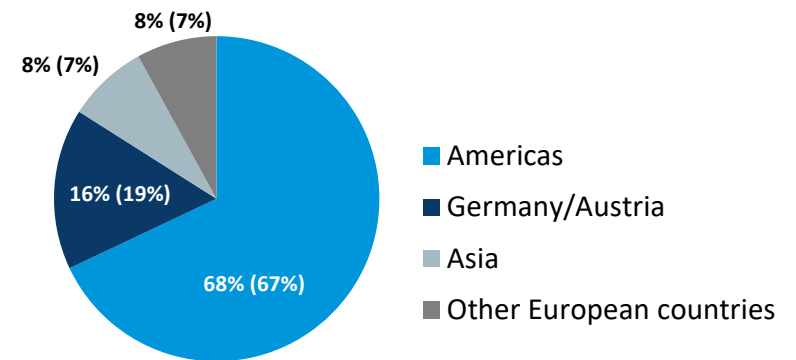
€ in millions
 *Based on ramp-up effects for new plants in China
 ** Figures in parentheses refer to same period last year

2 Balanced portfolio/Global customer base

Revenue split by segment: H1 2019/20**



Revenue split by customer: H1 2019/20**
(based on customer's headquarters)



Growth opportunities in all segments

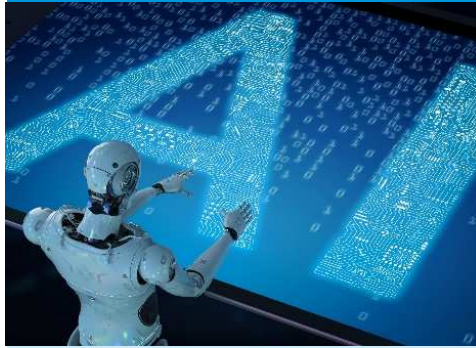
Future trends still intact

Communication



- Increased digital networking (IoT)
- Additional functionality
 - 5G
 - Artificial Intelligence

Consumer / Computer



- New applications (smartwatch, speakers, robots, VR, ...)
- Edge & cloud computing
- Networking
- Big data / data server

Automotive



- Autonomous driving
 - RADAR, LiDAR, camera
 - 5G
 - Artificial Intelligence
- Electrification of the drive
- Increasing electronics share per vehicle

Industrial / Medical



- Automation
 - Machine-to-machine communication (5G)
 - Artificial Intelligence
- Mobile therapy and diagnostic devices

High end market growth ~10% CAGR (until 2024)



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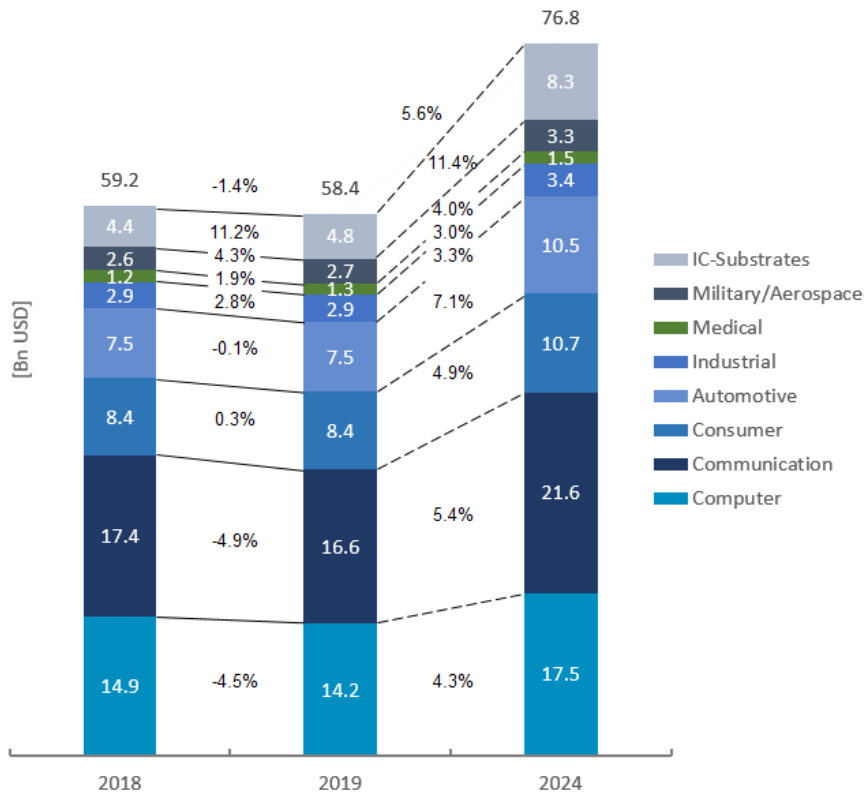
Market Update

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PCB & IC substrates market



Forecast for the total PCB & IC substrates market until 2024: CAGR of 5.6%



Source: Prismark, June 2019; Yole (for IC Substrates), May 2019

- IC substrates
 - Mid-term increase in server demand
 - Cloud computing drives data center expansions
 - Networking and AI processors trigger demand for high-value IC substrates
- Medical
 - Applications in medical show continued growth (e.g. hearing aids)
- Automotive
 - Decrease in unit car sales can be compensated by rising electronic content
 - Future PCB business is strongly driven by autonomous driving (e.g. RADAR, LIDAR, cameras), vehicle-to-X communication and electrification
- Consumer
 - Market trend towards wireless connectivity of smart devices enabling IoT drives the need for high-end PCBs and substrates for module applications
- Communication
 - Despite a flat development in 2019 smartphone unit sales, high-end PCB demand for mainboards and modules will grow due to 5G, AI and sensors
 - AI processors, enhanced wireless connectivity and sensors increase demand
- Computer
 - PC/notebook unit sales slightly declining in 2019
 - Increased functionalities (AI, 5G) and miniaturizations drive high-end PCB growth

Current market environment

- Trade frictions (US-China) and political environment (Brexit) create uncertainties in the market
- Weakness in automotive market is mainly created by uncertainties about the future of the powertrain
- Growth in electronic content compensates for declining car unit sales
- 5G infrastructure (base station and satellites) currently being built up, mobile devices to follow in significant volumes from 2020 onwards
- Artificial Intelligence applications drive demand for data processing and memory
- Miniaturization and modularization trend continues

Highlights in H1 2019/20

AT&S well positioned for the future

- Operations and strategy on the right track
- Macroeconomic environment weighs on revenue and earnings in H1
 - Lower ramp of new smartphone generation and unfavourable product mix in Mobile Devices
 - Uncertainty in automotive industry with regard to the powertrain impacts PCB demand
 - Weaker market environment in the Industrial and Automotive segment causes temporary higher price pressure
- Broad customer and application portfolio help to partly compensate for market fluctuations
 - Continued strong demand for IC substrates
 - Medical & Healthcare with robust trend
- Strengthened position in Mobile Devices through further extension of customer and application portfolio



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Financials H1 2019/20
& Outlook

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Financials H1 2019/20



STATEMENT OF PROFIT OR LOSS

€ in thousands	H1 2018/19	H1 2019/20	Change YoY	
Revenue	516,857	490,317	(5.1%)	→ Impacted by lower ramp of new smartphone generation, unfavourable product mix and positive FX effects
EBITDA	138,262	101,064	(26.9%)	→ Unfavourable product mix and underutilization in Mobile Devices, higher R&D costs for future applications
EBITDA margin	26.8%	20.6%	(6.2pp)	
EBIT	71,943	29,369	(59.2%)	→ Higher depreciation partly due to first-time application of IFRS 16
EBIT margin	13.9%	6.0%	(7.9pp)	
Finance costs – net	(95)	2,819	>100%	→ Driven by higher interest income, positive FX effects and lower gross interest expenses
Profit for the period	55,372	19,533	(64.7%)	
Earnings per share	€ 1.32	€ 0.40	(70.0%)	

Financials H1 2019/20

STATEMENT OF FINANCIAL POSITION

€ in thousands	31 Mar 2019	30 Sep 2019	Change	
Equity	803,451	768,385	(4.4%)	➔ Negative FX effects and dividend payout
Total assets	1,784,106	1,809,660	1.4%	
Net debt	150,258	233,697	55.5%	➔ Higher capex, impact of IFRS 16
Net working capital	160,537	188,939	17.7%	
Equity ratio	45.0%	42.5%	(2.5%)	➔ Effect out of lower equity and higher total assets

Financials H1 2019/20

STATEMENT OF CASH FLOWS

€ in thousands	H1 2018/19	H1 2019/20	Change YoY	
Cash flow from operating activities	58,024	62,184	7.2%	➔ Mainly driven by higher trade payables and lower income taxes paid
Cash flow from investing activities	(130,932)	(97,349)	25.6%	➔ Higher net capex but lower temporary net investment in financial assets
Cash flow from financing activities	249,798	(36,888)	(>100%)	➔ HY 2018/19 impacted by issuance of promissory note
Change in cash and cash equivalents	176,890	(72,053)	(>100%)	
Operating free cash flow ¹⁾	20,107	(29,801)	(>100%)	➔ Lower operating profit and higher net capex
Free cash flow ²⁾	(72,908)	(35,165)	51.8%	

¹⁾ Cash flow from operating activities minus Net CAPEX

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

Outlook for 2019/20

Revenues and EBITDA outlook continues to be confirmed

- Broad product portfolio and past investments in new technologies compensate for market fluctuations
 - Better market environment leads to satisfying capacity utilization for Mobile Devices
 - IC Substrates remain on high level
 - Lower demand in Automotive and Industrial segments causes ongoing price pressure
 - Medical segment continue to show good demand
- Management Board expects revenue to remain stable and an EBITDA margin in the range of 20 to 25%
- Investment (CAPEX) activity in the current year
 - Maintenance investments and minor technology upgrades in the amount of € 80 to 100 million
 - Depending on the market development, an additional € 100 million for capacity and technology expansions
 - Investments in IC substrates up to € 180 million
 - Due to current progress of the Chongqing investment total Group CAPEX of up to € 340 million expected

- AT&S delivers solid results even in challenging market environment

Overview Debt Portfolio Duration

Maturity

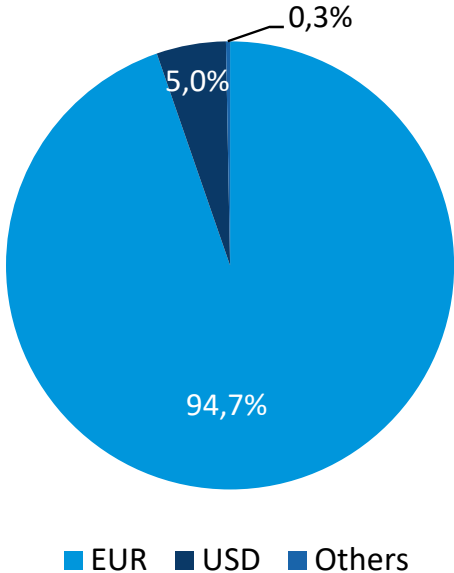
€ in millions*	< 1 Year	1-5 Years	> 5 Years	Total
Promissory note loans 2014	-	9.0	-	9.0
Promissory note loans 2015	-	102.6	-	102.6
Promissory note loans 2016	-	150.0	-	150.0
Promissory note loans 2018	-	211.5	123.2	334.7
Subsidized loans	29.7	53.1	17.6	100.4
Bank Borrowings and others	7.6	27.4	5.1	40.1
Total 30/09/2019**	37.3	553.6	145.9	736.8
Total 31/03/2019	38.0	532.6	146.5	717.0

* including accrued interest and placement costs

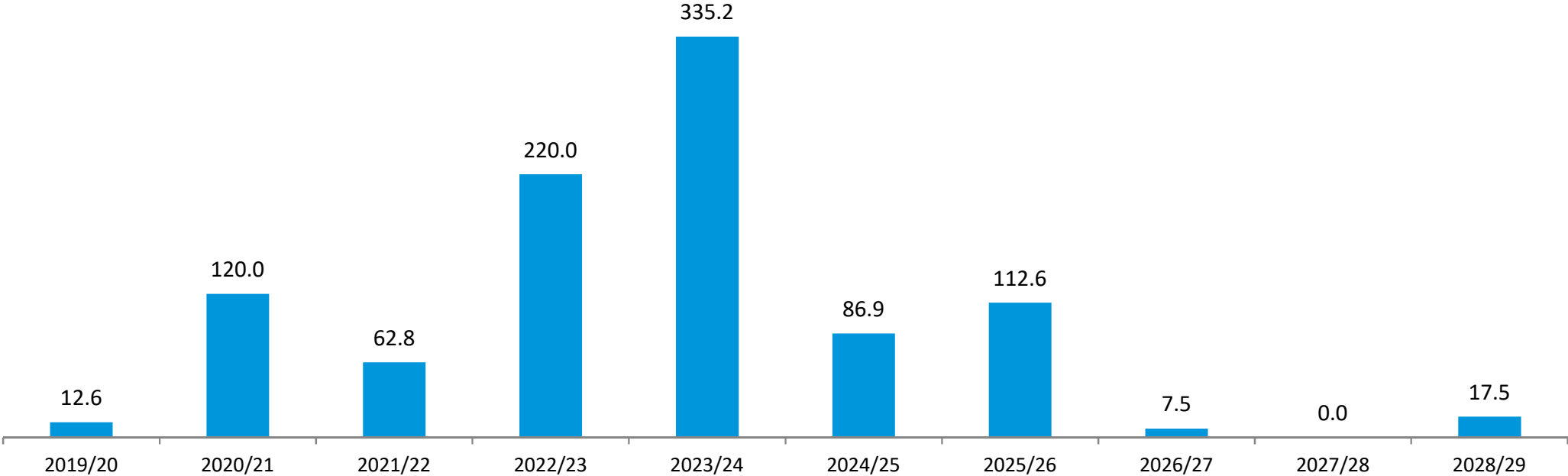
** including finance leases

- Average debt portfolio duration: 3.2 years (2018/19: 3.7 years)
- Average financing costs: 1.5% (31/03/2019: 1.8%)
- € 185.4m of credit lines not utilized (31/03/2019: € 187.3m)
- Currency mix of EUR and USD to support natural hedging strategy
- In addition Hybrid capital nominal value € 175m first termination option Nov 2022

Currency mix of debt portfolio



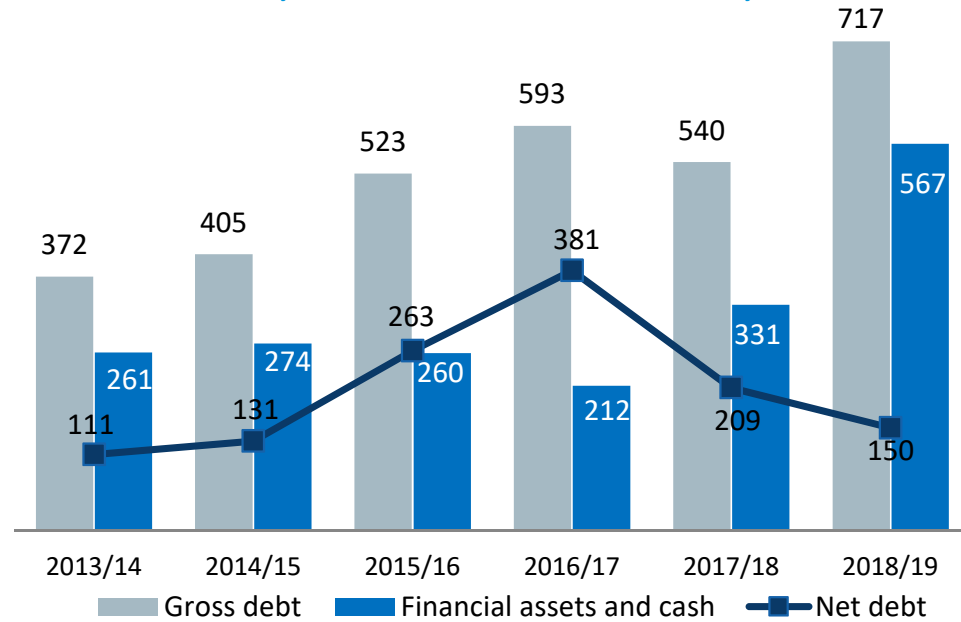
Repayment structure



- The repayment structure shows high amounts in the year 2022/23 due to the repayment of the hybrid bond and parts of the promissory note loan and in the year 2023/24 due to the repayment of parts of the promissory note loan.

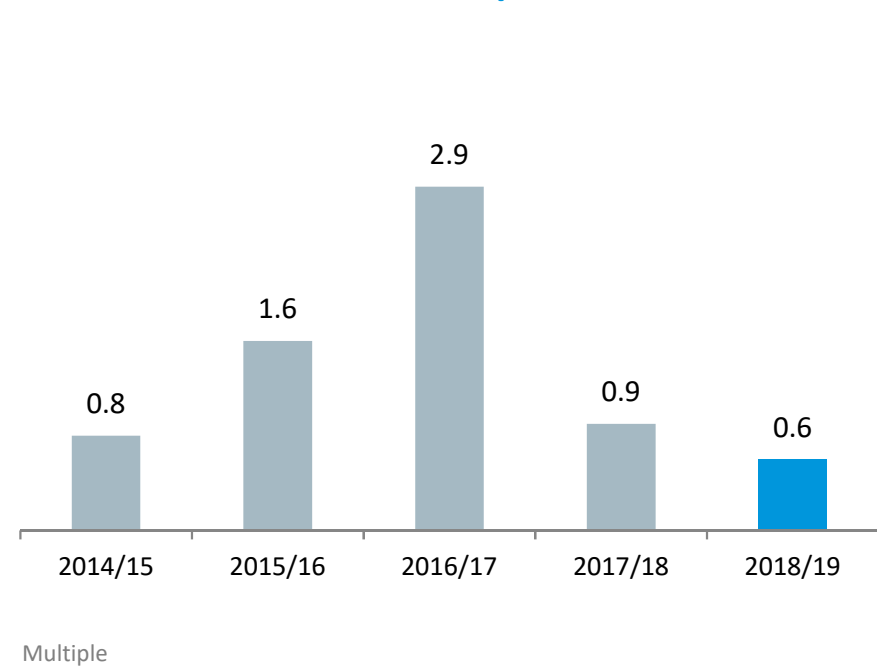
Key credit figures

Gross debt, financial assets and cash, net debt



€ in millions

Net debt/EBITDA



Multiple

- Net debt decrease results from positive operating free cash flow

- Target: < 3x



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Investment in
the future of AT&S

Expansion of IC substrates capacities

IC substrates business becomes an even more important pillar

- AT&S already operating successfully in China since 2001
 - Since 2013 site in Chongqing with two plants for IC substrates and new technologies
 - First high-end IC substrates manufacturer in China
- Strategic focus on business with IC substrates for high-performance computing modules
 - Globally generated data grow by more than 30% p.a. until 2025
 - More powerful processors require larger form factor, higher layer count and thus higher value IC substrates
- Investment volume of up to one billion euros planned for the next five years
- Close cooperation with a leading semiconductor player
 - Excellent track record in ramping new technologies and production capacities
 - Outstanding process know-how, productivity and efficiency combined with highest quality
- Relevant revenues out of phase III (CHQ III) should arrive in FY 2022/23

Securing profitable growth in tomorrow

Medium-term guidance

- Step towards module integration and “More than AT&S”
 - Group revenue to double to € 2 billion (CAGR of roughly 15%)
 - EBITDA margin of 25% to 30%
 - ROCE target above 12%
- Significant financing capabilities and solid finance structure to manage the investment
 - Strong operating cash flows
 - High level of existing liquid funds (e.g. promissory note loan)
 - Continuous optimization of financing structure



**Thank you
for your attention!**

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