

# STRONG FOR *tomorrow*

**FIRST CHOICE  
FOR ADVANCED  
APPLICATIONS**



# AT&S AT A GLANCE

## MISSION

AT&S sets the highest quality standards in the industry, industrialises leading-edge technologies, cares about people, reduces its ecological footprint – AT&S creates value.

## KEY FIGURES

	Unit	2016/17	2017/18	2018/19	2019/20	Change prior year in %
Revenue	€ in millions	814.9	991.8	1,028.0	1,000.6	(2.7)
EBITDA	€ in millions	130.9	226.0	250.1	194.5	(22.2)
EBITDA margin	%	16.1	22.8	24.3	19.4	–
EBIT	€ in millions	6.6	90.3	117.2	47.4	(59.6)
EBIT margin	%	0.8	9.1	11.4	4.7	–
Profit/(loss) for the period	€ in millions	(22.9)	56.5	89.0	21.5	(75.9)
ROCE	%	(0.6)	7.7	9.7	2.8	–
Net CAPEX	€ in millions	240.7	141.7	100.8	218.5	>100
Operating free cash flow	€ in millions	(104.3)	1.5	69.7	(33.4)	–
Net debt	€ in millions	380.5	209.2	150.3	246.7	64.2
Earnings per share	€	(0.59)	1.38	2.08	0.34	(83.7)
Dividend per share <sup>1)</sup>	€	0.10	0.36	0.60	0.25	(58.3)
Employees <sup>2)</sup>	–	9,526	9,981	9,811	10,239	4.4

1) 2019/20: Proposal to the Annual General Meeting

2) incl. contract staff, average

More than € **1** billion  
Revenue

Approx. **10,200**  
Employees

€ **195** million  
EBITDA

**41**%  
Equity ratio

# FIRST CHOICE

Digital networking is bringing the world and industries closer together, opening up paths to new applications and new growth for AT&S. Products are becoming increasingly powerful while taking up less space, because the growing data volumes still need to be securely processed, stored and transported. AT&S supports customers with increasingly comprehensive solutions – these are the elements they need to successfully develop their business models.

# FOR ADVANCED APPLICATIONS

# PROFILE

**AT&S** is one of the globally leading manufacturers of high-end printed circuit boards and IC substrates. At its locations in Europe and Asia, AT&S develops and produces high-tech solutions for its global partners, especially for applications in the areas of communication, computer and consumer electronics, mobility, industry and medical technology. AT&S will continue to drive the digital megatrends and grow profitably in the coming years. To do so, AT&S will increase vertical integration and work even more closely together with its customers as a system supplier.



## PRODUCTION PLANTS

- 1 – LEOBEN, AUSTRIA
- 2 – FEHRING, AUSTRIA
- 3 – NANJANGUD, INDIA
- 4 – CHONGQING, CHINA
- 5 – SHANGHAI, CHINA
- 6 – ANSAN, SOUTH KOREA

## SALES SUPPORT OFFICES

- 1 – SAN JOSE, USA
- 2 – DÜREN, GERMANY
- 3 – BANGALORE, INDIA
- 4 – TOKYO, JAPAN
- 5 – TAIPEI, TAIWAN
- 6 – HONG KONG, CHINA (HOLDING)



# MARKETS AND APPLICATIONS



## MOBILE DEVICES

- \_ Smartphones
- \_ Wearables (smartglasses, earphones, smartwatches)
- \_ Notebooks
- \_ Cameras
- \_ Tablets
- \_ SSDs



## IC SUBSTRATES

- \_ High-performance computers
- \_ Microservers
- \_ Client PCs
- \_ Edge computing
- \_ 5G base stations



## AUTOMOTIVE

- \_ Advanced driver assistance systems
- \_ Safety applications (radar, lidar, camera, vehicle-to-X communication)
- \_ Power supply for motor systems



## INDUSTRIAL

- \_ Smart building, farming, grid, lighting, manufacturing, retail and transportation
- \_ Telecom infrastructure
- \_ Power management
- \_ Robots
- \_ Drones



## MEDICAL

- \_ Diagnostics and imaging systems (X-ray, MRI, ultrasound)
- \_ Therapy devices/applications (pacemakers, neurostimulators, hearing aids, prostheses, drug delivery)
- \_ Patient monitoring (activity trackers, glucose monitors)

# SEGMENTS

## Mobile Devices & Substrates

€ **779** million

Segment revenue

## Automotive, Industrial, Medical

€ **350** million

Segment revenue

€ **159** million

Segment EBITDA

€ **29** million

Segment EBITDA

# 6

## Smart society

Networking across all areas of life and work makes everyday life easier.



# 10

## 5G

Data transfer in real time throws the door wide open to new applications.



# 14

## Medical technology

People stay healthy for longer. Physical restrictions are compensated for.

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# 175

With the increasing networking of devices, data volume will climb by 26% annually, up to a level of 175 zettabytes by 2025. In bytes that would be 175 plus 21 zeros.



# GO BIG

**Digital networking is bringing the world and industries closer together. For us, this opens up paths to new applications – and new growth.**

Our products are becoming increasingly powerful while taking up less space, because the growing data volumes still need to be securely processed, stored and transported. And we support our customers with comprehensive solutions – these are the elements they need to successfully develop their business models.



# SOCIETY 78

billion people  
live on Earth  
in 2020.

## Smart society – Humans and machines as a team

Digital transformation is leading the economy into a new era: many new business models are no longer just technology-based but increasingly also driven by people's everyday life. This is made possible by smart networking across all areas of work and life.

Two decades ago, technology pioneer Kevin Ashton used the term “Internet of Things” (IoT) for the first time in a presentation at the Massachusetts Institute of Technology. The IoT connects physical objects with the virtual world.

Intelligent devices and machines are connected with one another, and with the Internet. They collect information about their environment, linking and analysing it. As early as 2008, more devices were connected to the Internet than there were people. ■

## The new model of society is technology-based,

focuses on people and comprises a variety of smart application scenarios.



# 56 billion

devices will be connected to the Internet in 2025.

## Game changers for innovative applications\_



5G



BIG DATA



AI



IOT

The market for IC substrates is growing. AT&S continues to expand this segment, thus providing for sustainable growth.

### DATA VOLUME EXPLODES

The volume of data to be processed will see a massive increase in the coming years. As a result, computing performance in cloud and decentralised structures will also surge. Likewise, demand for high-performance microprocessors will also grow. In preparation for this development, AT&S takes a forward-looking approach – with high investments and a targeted expansion of the value chain.

Interconnectedness is driven by the opportunities of mobile communication, social media and the Internet. In addition to texts, enormous data volumes are generated with photos and videos and frequently distributed over the Internet or mobile communication networks. Such data are then processed and stored in data centres and all types of mobile devices (smartphones, notebooks, etc.). The 5G mobile communication technology enables transmission of higher data volumes not only via telephone and glass fibre lines – it will also make mobile transmission possible at high speed (data rate) and quality. Apart from pure mobile communication, many other segments, including automotive, industrial, trade, transport, media, entertainment, healthcare and administration, can benefit from the transfer and processing possibilities of large data volume. This is referred to as big data.

With the increasing **networking** of devices, the volume of data will climb by 26% annually, up to a level of 175 zettabytes by 2025. Here are two examples to illustrate the size of this number: a digitally connected airplane alone produces the same amount of data in a single day as the Hubble telescope does in five months. And the data created in a smart factory in one day correspond to 500 billion pages of text.



COVID-19 is causing an additional shift of companies' business activities into the net: online conferences and remote working are increasing digital data exchange.



annual growth for the  
IC substrate segment is  
forecast by experts for the  
coming years.

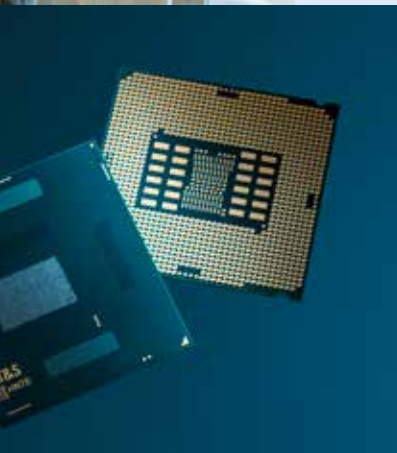
11%  
Growth

The transmission, processing and storage of increasingly advanced data and processes requires powerful printed **circuit boards and IC substrates**. Given its technology and market leadership in these segments, AT&S is in an excellent position to also benefit from this promising market.



**AT&S will expand its IC substrate capacities over the coming years.**

**A new plant in China is already under construction. The planned investment volume of up to € 1 billion underlines AT&S's aspiration to significantly expand its market position.**



#### PAVING THE WAY TO AUTONOMOUS DRIVING

The automotive industry will also benefit greatly from the digital development. The number of digital functionalities keeps growing year by year. Advanced driver assistance systems (ADAS) require many sensors such as radar, lidar, GPS or cameras with local data processing. In the coming five years, electronic components will account for 35% of the cost of vehicles, which is twice as much as today. With the Vehicle-to-X (V2X) technology, vehicles will communicate with their environment in real time in the future. The combination of sensor data, externally transmitted data and internal data processing will enable completely autonomous driving. By 2025, more than 100 million vehicles worldwide will be digitally connected and data transmission will grow to up to 100 million gigabytes per month.

Even if we still have to wait for a few years to see self-driving cars in everyday traffic: digital networking is growing exponentially in the automotive sector.



# The new network – fast, reliable, available

The commercial roll-out of 5G, the next generation of mobile broadband, is imminent. The 5G network brings exponentially higher speeds and significantly lower latencies. Secure data transmission, effectually in real time, allows completely new, previously unthinkable applications. This opens up significant potential for AT&S.

The transmission rate of the fifth-generation mobile Internet will be more than ten times faster by 2025 than the current LTE standard.

**10** *times faster*

#### STEP BY STEP TO A NEW LEVEL OF INTERCONNECTEDNESS

As the markets became increasingly integrated, the global economy developed very successfully in recent years. The new 5G mobile communication standard will once again significantly boost this development in the years to come. According to calculations of consulting firm McKinsey, economic output will increase by up to US\$ 2 trillion in the next ten years with the introduction and utilisation of the standard.

The advantages of 5G will become apparent step by step: initially, the focus will be on the use of devices with very high data transmission rates of up to 10 gigabit/s. This includes, for example, the area of (mobile) communication. Subsequently, applications for time-critical and fail-safe uses such as autonomous driving will follow. A third step will mainly comprise applications where a large number of machines connected with one another exchange data autonomously and efficiently – the Internet of Things. One example is the automated tracking of goods. So it is not only network equipment and mobile communication providers that benefit from the growth of **5G applications** but a wide variety of industries and segments – from mechanical engineering to automation enterprises and public organisations such as hospitals, universities and authorities. In other words: 5G will provide a gigantic boost for productivity.

The 5G standard will be crucial to the Internet of Things (IoT): according to projections of the GSM Association (GSMA), the number of global IoT connections will more than double between 2019 and 2025, increasing to nearly 25 billion.

**24**

countries have already introduced 5G. Most of them are in East Asia.



5G makes it possible: in the future, vehicles will use the new standard to communicate with their environment in real time.

Everything is connected to everything – today, this is still a vision of the future. In only a few years, this vision will have started to take shape.

5.2 billion people used mobile services in late 2019 according to the GSMA. That is 67% of the world's population.

This figure is expected to increase to 5.8 billion by 2025. Consequently, the need for the 5G standard, which makes high data transfer rates possible in mobile communication, is also growing. The introduction of 5G will in turn continue to boost the global exchange of data.



# 1.5 billion

smartphones will be sold globally by 2025 according to market research company IDC.

In combination with other connected devices this offers enormous potential for the Internet of Things.



**Businesses will not be the only ones to benefit from the 5G network – an ever increasing number of applications are also available to private users.**



## THE DAWNING OF A NEW ERA IN MOBILE COMMUNICATION

The new standard is now entering the acceleration phase in the mobile communication markets: compared with 2019, the number of smartphones sold will increase by roughly 200 million to 1.5 billion in 2025. More than half will be 5G-capable by 2025. In 2019, only about 20 million mobile devices had 5G capability. Although the current COVID-19 pandemic puts these forecasts into perspective, the direction is clear: 5G will prevail in mobile communication sooner rather than later.

According to the GSMA, the network is currently available in 24 countries with **South Korea in the leading position**. It was the first country to introduce a nationwide commercial 5G network in April 2019. The USA, Australia, Qatar, Switzerland, Finland, Spain, China and the United Arab Emirates are also well on track setting up their infrastructure. In terms of geographic regions, East Asia has made the biggest progress, while Europe lags behind due to its heterogeneous infrastructures and outstanding frequency allocation processes in many countries.

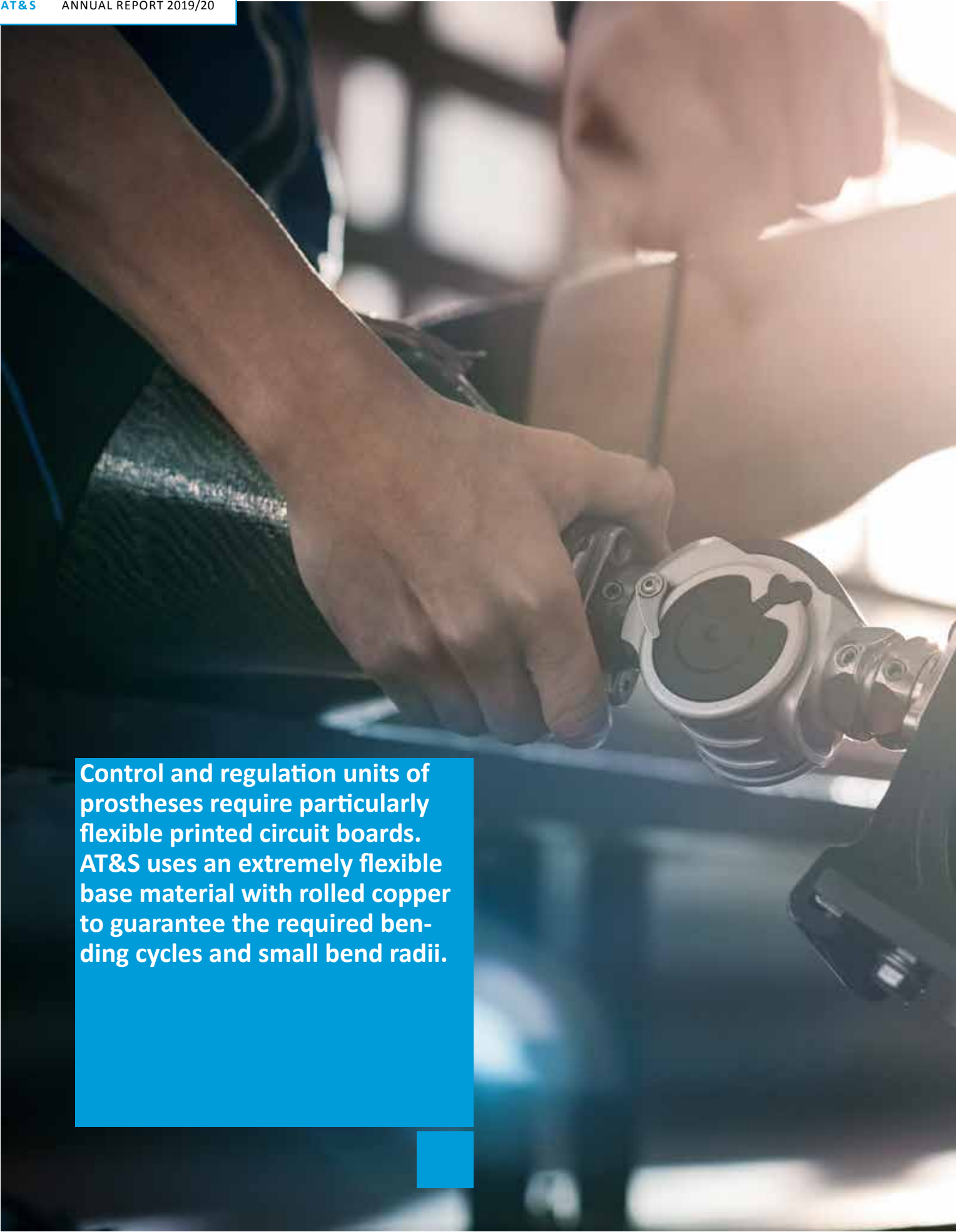
To support the leap to the new standard and further increase consumers' interest, network providers are expected to invest roughly US\$ 1.1 trillion between 2020 and 2025; about 80% of these investments will target the 5G technology, demonstrating the market's great expectations of the new standard.

As transmission speed and data volume grow, the requirements placed on devices will also increase. Ever more complex systems and electronic circuits require particularly powerful IC substrates and printed circuit boards. mSAP (modified Semi-Additive Process) and HDI (High Density Interconnect) are leading technologies for the production of printed circuit boards. AT&S is the technology and market leader for both. Recently AT&S has also achieved a top technology position for IC substrates used in processors and is currently investing massively in building further capacity, and in research and development. Features such as minimum width and spacing between traces as well as the most accurate control of the trace profile and the use of new materials enable significant improvements in electromagnetic signal transmission as required for state-of-the-art 5G technology.

Year by year, AT&S's products are becoming more powerful, reliable and compact. This is also attributable to AT&S's broad experience. Our solutions can be found in the products of a wide range of industries and applications.

**With each adaptation, AT&S gains new knowledge, which can then be used for solutions in other application areas.**





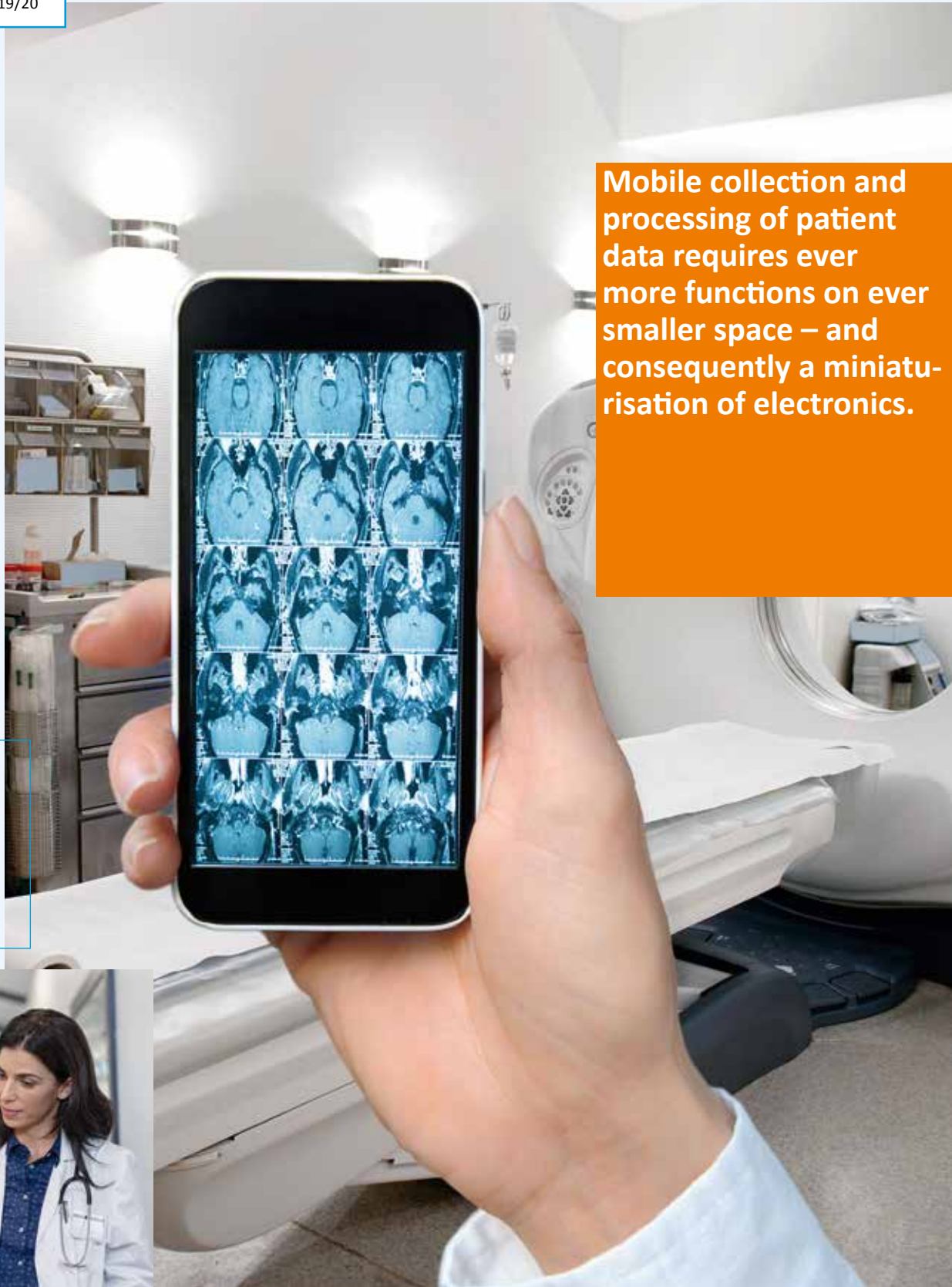
**Control and regulation units of prostheses require particularly flexible printed circuit boards. AT&S uses an extremely flexible base material with rolled copper to guarantee the required bending cycles and small bend radii.**

# MEME TECHNO LOGY CAL

**Digital health – the patient at  
the centre of digital solutions**



As the world's population keeps growing and aging, the need for healthcare applications will continue to increase and many new – especially digital – products will enter the market. AT&S has everything it takes to participate in this development and expand its position in this market segment.



Mobile collection and processing of patient data requires ever more functions on ever smaller space – and consequently a miniaturisation of electronics.

Artificial intelligence makes it possible that 20% of medical services can also be performed digitally.



Highly complex printed circuit board solutions are used to meet the high requirements of diagnostic imaging.

# 28%

annual growth is projected for the overall digital health market.

## DIGITAL TRANSFORMATION IN HEALTHCARE

Digitalisation will fundamentally change the healthcare system in the years to come. Over the past years, digital data collection directly on the patient as well as digital health checks and the demand for digital healthcare services by patients – in other words: digital health – have gained growing importance. Along with companies currently represented in the healthcare market such as medical technology and therapy device manufacturers, digital companies selling smartwatches in addition to software will play an important role – mainly because such consumer devices are getting continuously better at measuring and processing health data and some of them already have medical certification.

Smartwatches are increasingly used as devices for mobile patient data collection. In addition, a wide variety of sensors are being developed which can either be applied to human skin or implanted near the surface to take a person's temperature, pulse, blood pressure or blood sugar level. The measuring data can often be read via smartphones in an easy and contactless process. Examples of therapy devices are pacemakers or implants for neurostimulation.

Miniaturisation in electronics can be achieved using a variety of printed circuit boards, substrate and module integration technologies such as embedding. Also, AT&S is one of just a few companies certified in accordance with the EN ISO 13485 standard for medical devices. Particularly high demands are placed on pacemakers and defibrillators. The printed circuit boards integrated into implants are highly advanced and subject to special qualification tests.

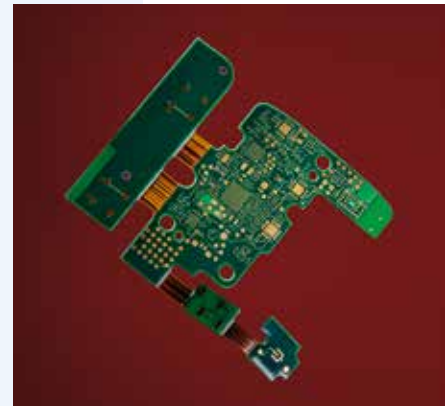
AT&S also creates innovative solutions for private use: the Cycle Tracker for example, which was co-developed by AT&S, helps women to record and predict their menstruation cycle. The user places temperature-sensitive sensor electronics under the arm with a plaster and enables an app on her smartphone. Information is then continuously transmitted to the phone via NFC (Near Field Communication).

Another example: patients with type 1 diabetes use a smart insulin pump supported by elements made by AT&S. It is fixed directly to the body with a plaster. By pumping insulin into the body continuously, the blood sugar level is controlled and stabilised. The application consists of two main units – the plaster with the needle, and the insulin cartridge, which is renewed on a regular basis. The pump and the electronic control unit remain functional together throughout the lifetime of the product.

In December 2019, AT&S broke ground on its **site in Ansan, South Korea**, for an upgrade and the expansion of its production. This underpins AT&S's claim to be one of the leading suppliers of printed circuit boards and interconnect solutions in the medical segment in the future.



The digital health market will therefore be worth just over US\$ 500 billion in 2025.



Priority is given to technical innovations: AT&S aims to utilise roughly 8,000 additional square metres for new production lines at its site in Ansan, South Korea, to manufacture printed circuit boards for applications in medical technology by the end of 2020.

If everything goes according to plan, the new production facilities will have obtained all required customer qualifications by mid-2021. Overall, this project involves an investment of roughly € 30 million in this site.

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& MIP  
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In view of the COVID-19 pandemic, we have not carried out a Management Board photo shoot this year and instead are making use of existing photo material.





# INTERVIEW

**We are  
on a very  
promising  
path.**



“

**We are deeply convinced that based on our position and the course we are pursuing, we are excellently prepared for the future.**

*Monika Stoisser-Göhring*

**The financial year 2019/20 is behind us. Looking back, how did it develop overall?**

**Andreas Gerstenmayer** Operationally, we can be quite satisfied. We dealt with the issues we intended to address. We made progress on the implementation of our strategy and our plants are well on track. In terms of volume, our capacity was not utilised to the extent planned, but I think we used the year well to prepare for future challenges.

Economically, we certainly did not meet all our goals. However, we were also faced with a challenging operating environment. In the automotive sector, uncertainties about the future of the powertrain dampened demand. The trade conflict between the USA and China continued, though at a lower level. And European industry investment behaviour remained at an unexpectedly weak level. On top of that, we saw the outbreak of COVID-19 in the final quarter, which forced us to temporarily close plants in China.

**What does that mean in terms of actual figures?**

**Monika Stoisser-Göhring** That we fell short of expectations on the earnings side. We surpassed the one-billion-euro revenue mark once again. However, revenue was 2.7% lower than in the previous year. At least the EBITDA margin, at 19.4%, was within our adjusted target corridor of 18 to 20%. Earnings per share amounted to € 0.34 after interest on hybrid capital, which was significantly lower than last year. Along with unexpectedly difficult market conditions, this was also due to the intense preparation for the strategic expansion of our business.



**Monika Stoisser-Göhring, CFO**

**Andreas Gerstenmayer** At the beginning of the fourth quarter, we were still confident in the Management Board that we would meet our guidance for revenue and earnings. And we have done everything possible in the last few months to achieve this goal. In particular, we reacted very rapidly to COVID-19. Wherever we could influence something, we did. I even think that we were able to keep the economic impact low due to our measures. This could well have ended very differently. We were among the first companies, if not the first, to resume production. At our Chongqing I plant we never stopped production, even with all the official measures imposed.

**Despite low earnings figures you are planning to pay out a dividend again this year.**

**Monika Stoisser-Göhring** That's correct. Against the background of the solid business development, we will propose a dividend of € 0.25 per share to this year's Annual General Meeting, together with the Supervisory Board. Even though the current market situation is currently rather unclear due to the exceptional circumstances. And because we are deeply convinced that based on our position and the course we are pursuing, we are excellently prepared for **the future**.

### How are AT&S's activities in the strategic areas 5G, IC substrates and big data developing?

**Andreas Gerstenmayer** We made considerable progress in all three areas. In the area of 5G we used to focus primarily on mainboards for mobile devices. We now have the first contracts for printed circuit boards for modules and are discussing topics such as 5G base stations and antenna technology with infrastructure providers. That means that we can address significantly more applications today than even a year ago. In the area of IC substrates, we made major investment decisions and created the basis enabling us to be present in precisely those markets that will grow in the coming years.

This is also underscored by the decision to build Chongqing III. We will be able to produce large volumes of the latest technologies very soon. And thanks to our strength in the area of IC substrates, we are also in a good position for big data. As data volumes explode, we will see very attractive jobs in the years to come.

### Which industries will be the first to recover from the crisis?

**Andreas Gerstenmayer** Similar to the damage in the industries, it is also very difficult to estimate which sector will be the first to bounce back: will it be capital goods or rather consumer goods? One thing we can perhaps say is that anything related to infrastructure will pick up sooner. This is because, from experience, states deliberately provide impetus in these areas to reduce unemployment, increase purchasing power and ultimately boost the economy again.

**Heinz Moitzi** We can also assume that the topic of 5G will gain momentum: we are currently experiencing how fast people get used to digital communication in everyday business. For many employees, working from home and video conferences did not even feature as a topic only a few months ago. Today they use these tools as a matter of course – with all the restrictions this entails. One thing has become clear: today's network infrastructure is not at all sufficient for digital working. This will be the next big push.

**“Today's network infrastructure is not at all sufficient for digital working.”**

*Heinz Moitzi*

# 5G

### The automotive industry has been particularly hard hit by the shutdown. How do you see this situation from the angle of AT&S?

**Andreas Gerstenmayer** This is another area where it is difficult to assess how strong the impact is – and to what extent we will be affected at the end of the day. But we definitely assume that there will be effects. In the car market in particular, we will have to watch the development very carefully in the coming months. This is a market with a complex supply chain, which has recently ground to a halt. I think that this segment will tend to take longer to recover.

### Have you adapted or sharpened your strategy at all in view of COVID-19?

**Andreas Gerstenmayer** We have worked very intensively on our strategy over the past few years. We are sure that the topics we aim to implement as part of our mid-term strategy are still valid. I don't see any aspect in any of our strategic focus areas that would make the topics obsolete. On the contrary: the trends we see are sustainably intact. Only in terms of timing there may be delays in one place or another due to the extraordinary situation the global economy is facing.

**“Our equity ratio is very solid at 41% and our debt repayment period – at 1.3 years – is significantly below our self-imposed maximum of three years.”**

*Monika Stoisser-Göhring*

# 41%

**And with respect to the economic positioning – do you see any need for adjustment?**

**Monika Stoisser-Göhring** No. AT&S continues to be very stable economically: our equity ratio is very solid at 41% and our debt repayment period – at 1.3 years – is significantly below our self-imposed maximum of three years. In terms of investments, everything is consistent with our plans; because of changes in the content of our projects, we spent around € 90 million less in the past financial year than originally budgeted.

In accordance with our scheduling, we were able to largely finance our investments from our own resources in the past financial year. Should we actually require additional funds for our projects, we have different options. It goes without saying that we put a particular focus on costs in times like these. As a precaution, but also because we still aspire to serve the main part of our capital requirements for our projects from our cash flow.

**Ms Stoisser-Göhring, you recently received the CFO Award. That proves that you do many things right ...**

**Monika Stoisser-Göhring** It shows that AT&S does many things right. Within the Management Board we act based on good cooperation and a shared understanding. Against this background, a lot can be done in finance. I think that finance tools such as hybrid bonds and promissory note

loans, which were recently introduced at AT&S, are part of the standard portfolio in modern corporate finance. Starting business relationships with Chinese banks has also been a logical step for us. The vast majority of our non-current assets is based in Asia and we know the market and the mentality of its people well. By working together in finance we gain important trust, not only among the banks.

**To what extent will the changed market situation bring new opportunities for AT&S, for example in medical technology?**

**Andreas Gerstenmayer** Of course we look at the markets differently in a changed situation and check out additional opportunities, also in the medical sector. We have to admit, however, that many of the things which are in great demand right now use standard technologies that we very deliberately did not address in the past. But of course we are also looking for ways to help in the current situation. This is why we are now producing components for local medical technology manufacturers at our plant in India despite the shutdown.

Advanced applications, for example for pacemakers, hearing aids or insulin pumps, continue to be very interesting for us. This is where our future market lies, and consequently we are focusing on this market with our comprehensive technology upgrade at our plant in Ansan, South Korea.

**With the investments in Ansan and, above all, in Chongqing, AT&S is opening the door to its second billion in revenue. Where will your employees come from?**

**Monika Stoisser-Göhring** That is a demanding task, especially since it is important to recruit employees with the appropriate skills. We need people who deal with the technical side of megatrends such as autonomous driving and digital networking. To bring these people on board, we have set up the “Talent Mapping” project. We have defined the expertise we will need in the future within this project so that we can now address professionals in areas like microelectronics, RF/IC design, chemistry and physics in a targeted manner. The project will be accompanied by an international talent programme, through which we send graduates of technical studies to China for a period of time after they have completed a year of training with us.

“

**Communication satellites, transmission stations, antenna technology, satellite launches – we can make a small, but important contribution.**

*Andreas Gerstenmayer*



**Andreas Gerstenmayer, CEO**

**The young generation nowadays increasingly chooses employers based on their value profile ...**

**Monika Stoisser-Göhring** That is a good thing, because values are also important to us. We believe that a stable foundation of values is a necessary prerequisite for long-term success. That is why we put a strong focus on topics such as sustainability, governance and diversity and set ambitious targets: for example, we aim to raise the share of women from 21% today to 30% by 2025.

**Heinz Moitzi** In our production, we are already operating at a high level in terms of environmental matters and work safety. But we also see room for improvement in this area: we aim to cover 80% of our energy supply with renewable energies in the future. And we are planning a life cycle assessment for our product groups in the future.

**You are also entering aerospace technology now. What are the prospects in this segment?**

**Heinz Moitzi** This has evolved over the last few years and shows that we can keep adding “new” segments to our core business. We have acquired a very demanding certification (NADCAP) which is required for supplying the aerospace industry, because we are aware that part of the communication infrastructure also goes into space. We have learned that our technologies can help these industries to cost-effectively implement miniaturisation and weight reduction, which are increasingly gaining importance in this segment, too.

**Andreas Gerstenmayer** In this context, the 5G development should also be mentioned. How will network providers cost-effectively reach those who do not live in conurbations in the future? At the end of the day, it will only be possible using satellite technology. Communication satellites, transmission stations, antenna technology, satellite launches – we can make a small, but **important contribution** with our solutions in all of these areas.



Heinz Moitzi, COO

**Europe is occasionally said to have a need to catch up as a location for innovation. To what extent does that limit AT&S in its development?**

**Heinz Moitzi** I would not quite put it that way that Europe lags behind other continents. Working on electronic innovation is a global business for a company of our size today. Thanks to its global positioning, AT&S can combine the advantages of Asia, the USA and Europe well. We collaborate with universities and electronics institutions on different continents: in Germany, for example, we work with the Fraunhofer Institute and in the USA with the International Electronics Manufacturing Initiative (iNEMI), and of course we also collaborate with Austrian universities. On top of that, we work very closely with our customers in development.

“

**It has always been one of AT&S's skills to see what needs to be done and develop the right solutions.**

*Heinz Moitzi*

Industrial production is where Europe has a need to catch up: a region which only does research but has no production is blind on one eye. However, the EU has now realised that and is promoting basic technologies again. This creates the basis for bringing back some parts of the supply chain, after it moved to Asia around the turn of the millennium. As digitalisation increases, cost differences can be balanced out better in Europe. Here, AT&S is already in a very good position. Leoben has been, and will remain, a central location for us as a production site and research centre for special applications.

**What new technological potential do you see for the future?**

**Heinz Moitzi** First of all, let me say that AT&S is moving in technology segments today that we could only dream of even a few years ago. And our development is rapidly progressing. Let's take miniaturisation for example: Today we operate in the range of trace widths of 10µm and with more than 1,000 laser drillings per second, with a diameter of 40µm or less. In some areas we are already advancing to the nano segment, getting in close contact with semiconductors.

That means that we are currently on the threshold to new technological territory. Developing the appropriate technologies for this is a demanding job. But it has always been one of AT&S's skills to see what needs to be done and develop the right **solutions**. Where possible, we do this on our own, and where useful, we collaborate with partners.

**COVID-19 has put the industry in crisis mode over night. How did the crisis management work out at AT&S?**

**Andreas Gerstenmayer** I think we can pay a huge compliment to all our teams at all locations. In China, we managed to at least produce at one plant, even during the peak of the crisis – even if it was not with the full staff. We were also able to restart operations at the other plants after a relatively short period of time. While other factories were still shut down, we were able to produce significant volumes again.

**Heinz Moitzi** What helped us was that we had been properly sensitised after SARS in 2003. We responded quickly and took initial measures in December and were able to cope with a variety of issues based on sophisticated crisis management within a very short period of time: implementing safety concepts, reorganising logistics and meeting official requirements. The well-coordinated processes helped us not only in China, but also in India, South Korea and Austria. At no time did we have problems with protective masks and to this day we don't know of a single infection in our company.

**Sounds almost easy ...**

**Heinz Moitzi** Of course it was not quite that easy. What I mean to say is that the critical topics were not so much the processes at our production sites – we managed to create the appropriate framework conditions very quickly at the workplaces and in the canteens. Supply chain topics, for example, were more challenging. If you want to set up machines while travel restrictions are in place and service technicians have to undergo quarantine for safety reasons, no manual will have the advice you need, but you have to find effective solutions fast.

**The year 2020/21: How is AT&S approaching the current year? Can the medium-term forecast be maintained in the current situation?**

**Andreas Gerstenmayer** In 2020/21 we will have to “drive by sight” and permanently review our assumptions – at monthly rather than quarterly intervals. With COVID-19 we are currently learning in the global economy that things can literally change over night. But this situation does not mean that we will reduce capacity in production or discontinue our future programmes. From today's perspective our strategy is intact and sufficiently robust to support the medium-term guidance: doubling revenue with an EBITDA margin of 25% to 30%.

As responsible entrepreneurs, we of course have to review this again and again, and make decisions: are our key indicators still correct or do we have to make adjustments? What we can do right now is to get through the current phase as well as possible. To this end, we are very restrictive on current spending. At the same time, we keep driving our strategic projects for IC substrates and modules.

**“From today's perspective our strategy is intact and sufficiently robust to support the medium-term guidance: doubling revenue with an EBITDA margin of**

*Andreas Gerstenmayer*

**25% to  
30%**



# STRATEGY

## “MORE THAN AT&S”: GROWING PROFITABLY WITH THE MARKETS

As digitalisation progresses, the requirements on digital infrastructure will grow massively in the next several years – both with respect to the devices themselves (modularisation, miniaturisation) and to their environment (data storage, transmission and processing). The new 5G mobile communication standard will exponentially increase the data volume transmitted and take the capacity requirements for decentralised computing performance to a new level.

Consequently, the demand for high-end IC substrates, modules and high-performance microprocessors will also grow disproportionately. As a leading manufacturer of high-end printed circuit boards and IC substrates, AT&S aims to leverage this potential. Our company is excellently positioned in the market and intends to significantly expand its leading edge through capacity, performance and technology enhancements. Once the markets pick up again, this should enable us to double our revenue to € 2 billion in the medium term (time horizon: 5 years), with a target EBITDA margin of 25% to 30%.

## VISION AND STRATEGIC GOALS

Our growth strategy is based on our vision “First choice for advanced applications”. This is closely linked with our aspiration to be the contact of choice for customers in our market segment based on our top performance – for high-end printed circuit boards and IC substrates, and in the future also for modules and appropriate system and interconnect solutions.

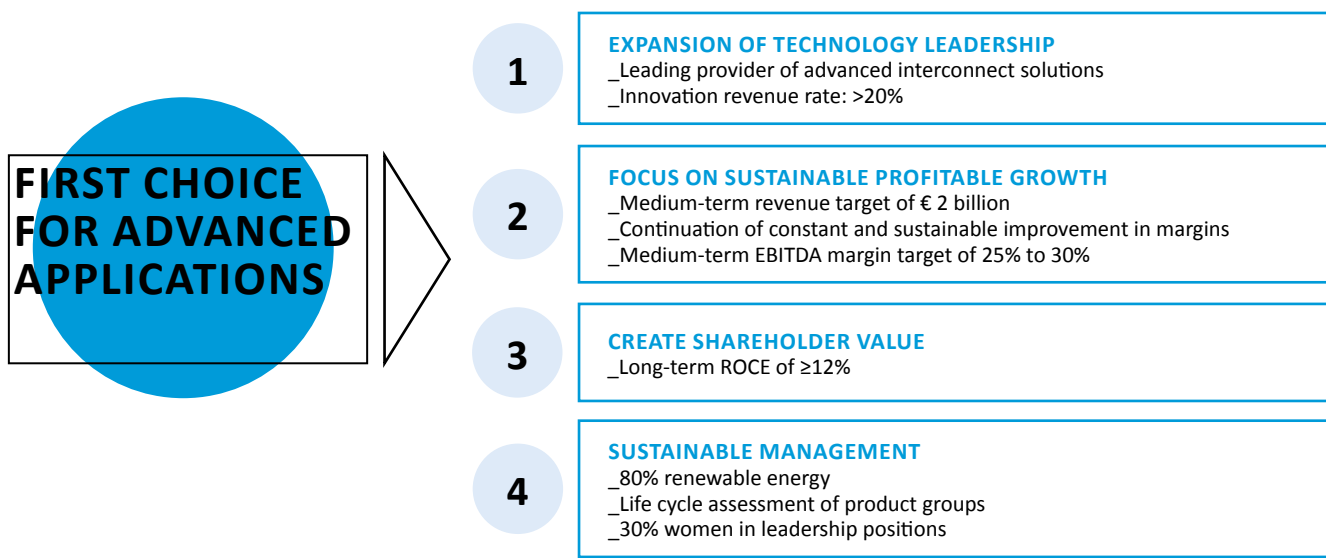
On our path to implementation, we are guided by four strategic goals:

### 1. Expansion of technology leadership

We strive to be the leading provider of advanced interconnect solutions. To achieve this, we aim for an innovation revenue rate of >20%.

When it comes to strategic implementation, we use a dual approach: first of all, we industrialise new interconnect solutions by combining existing and new technologies as part of the AT&S Toolbox (high-end printed circuit boards, IC substrates, embedding). In the course of this approach, we increasingly position ourselves as a proactive system development partner for our

## STRATEGIC GOALS





customers who will take over the entire production process for them – from the production of printed circuit boards and IC substrates to the manufacturing of modules and design, manufacturing and test services. As a result, AT&S will evolve from a manufacturer to an interconnect solution provider.

## 2. Sustainable profitable growth

We intend to increase our company's revenue to € 2 billion in the coming years, aiming for an EBITDA margin in the range of 25% to 30%.

We use four levers for the strategic implementation:

**a) Customer orientation and highest service level:** We support our customers by providing technical advice as well as additional design, simulation and test services in order to enable the optimum interconnect solution.

**b) Operational excellence:** In our processes, we focus on efficiency, productivity with highest capacity utilisation and a competitive cost structure. In doing so, we are also prepared for particularly complex and individual manufacturing requirements in different lot sizes in premium quality.

**c) Focus on fast-growing and profitable applications:** We concentrate on technologically advanced applications with disproportionately high market growth and double-digit EBITDA margin potential.

**d) Focus on cash flow generation and optimisation of the financing structure:** We strengthen our internal financing power for further investment cycles by maintaining our key figures at a high level: We aim for an equity ratio >40% and a debt repayment period <3 years.

## 3. Creation of shareholder value

The interest on the capital employed by our shareholders (ROCE) should amount to at least 12% in the long term. The return on capital employed thus exceeds the weighted average cost of capital of roughly 8.7% of comparable companies. At the same time, we pursue a transparent dividend policy based on investment cycles and profit for the year.

## 4. Sustainable management

We will only be able to expand our technology leadership and achieve sustainable profitable growth if our actions are value-based and we generate added value for all stakeholder groups. Compliance with high standards in the areas of ethics, working conditions, health and safety, environment and quality are basic requirements on the road to success. The Responsible Business Alliance, the OECD Guidelines for Multinational Enterprises, the Sustainable Development Goals of the United Nations (SDGs) and our company values serve as our compass.

Our strategic focus areas are derived from the above as well as the AT&S materiality analysis, customer requirements and global developments in environmental and social matters.

## STRATEGIC FIELDS OF ACTION

One of the strengths of AT&S is that the company understands its customers' challenges and develops customised interconnect solutions together with them early on. This is an ability we will maintain and expand on in the future. In this context, AT&S increasingly focuses on combining the possibilities of the core business with new technologies.

To achieve targeted growth, we drive our business based on the following four strategic fields of action:

### 1. Expansion of the core business

AT&S strengthens its core competence in the area of high-end printed circuit boards and IC substrates and continues to develop its business in the existing market segments; here, the market promises solid growth.

### 2. Expansion of customer and application portfolio

AT&S uses proven technologies to implement innovative solutions for other (groups of) customers and applications, thus extending the life cycle of existing technologies and expanding its earnings base.

**3. Proactive product development**

AT&S intensifies its collaboration with customers during early development phases and develops innovative solutions for specific customer requirements by combining the core business with new technologies.

**4. Industrialising new technologies**

AT&S drives the development of new technologies and broadens its positioning in the value chain, among other things through new solutions for the module business. AT&S thus generates additional revenue and increases its leading edge over competitors.

**MARKET GROWTH DRIVERS: EXPONENTIALLY GROWING DATA VOLUME**

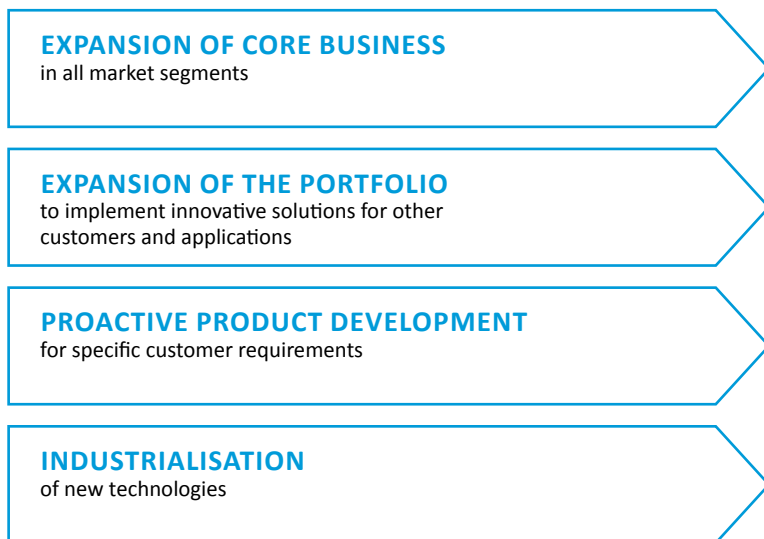
Digitalisation and global networking generate exponentially growing data volumes. Driven by a wide variety of applications such as communication, Industry 4.0, autonomous driving and smart homes, permanently increasing data volumes need to be transmitted, processed and analysed. This boosts, among other things, the business of data centres and cloud computing applications. For AT&S this development offers significant growth opportunities

in the field of IC substrates for server and network applications. The required performance and computing power of the processors lead to massively growing technological requirements on IC substrates. At the same time, the digitalisation trend drives the growing need for computing performance in end devices (edge computing), which opens up interesting opportunities for AT&S in terms of profitable growth in the printed circuit board business in all market segments.

**TECHNOLOGICAL GROWTH DRIVERS: MINIATURISATION AND FUNCTIONAL INTEGRATION**

The development of the electronics industry is currently strongly influenced by the trends of miniaturisation and functional integration. At the same time, the life cycles of products are getting shorter – while a certain period of time is required for the development processes of new products. This boosts the trend towards modularisation, i.e., the development of highly integrated functional components featuring a defined performance spectrum which can be used in different applications and devices. The use of these predeveloped modules enables suppliers of devices

**“MORE THAN AT&S” – CORPORATE STRATEGY**



to further reduce the time to market. This process will fundamentally change the supply chain in the electronics industry. Based on the modules' high integration density, a wide variety of technologies will be used for the production of the modules

### MODULARISATION TREND: ADDITIONAL BUSINESS OPPORTUNITIES

The trend towards modularisation in electronics is becoming increasingly apparent not only in consumer, computer and communication products, but also in automotive, industrial and medical applications. As part of its growth and diversification strategy, AT&S addresses the growth potential on three levels:

**Level 0:** Expansion of the classic printed circuit board business – with a continued focus on the high-end segment.

**Level 1:** Provision of IC substrates and high-end printed circuit boards for the rapidly growing market segment of modules.

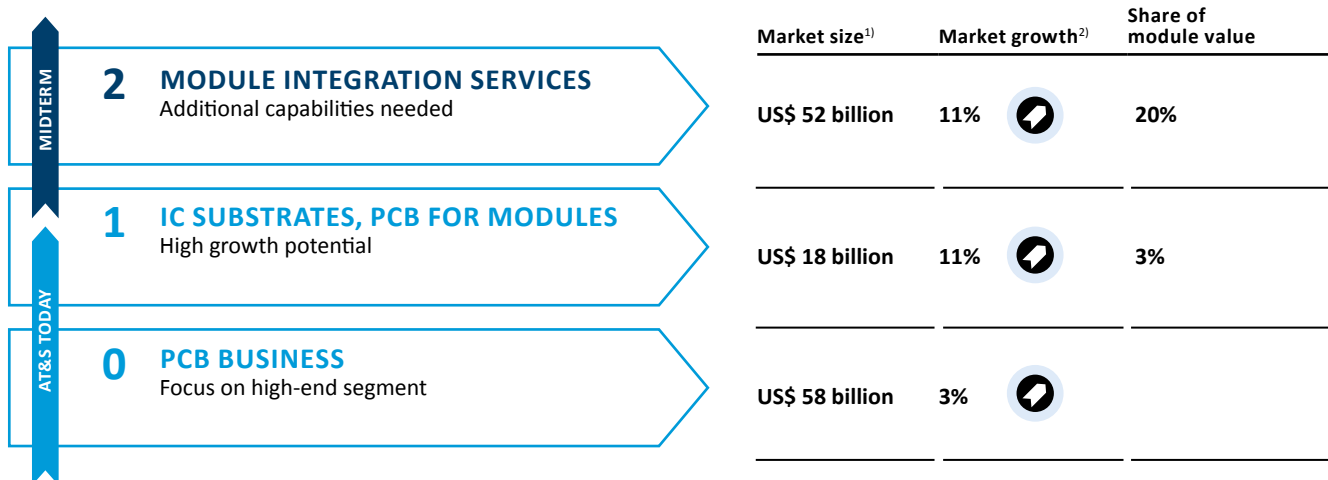
**Level 2:** Broadening the service spectrum in the value chain through additional module integration services such as design, assembly and test services with the objective of offering comprehensive solutions for modules.

With this approach, we are expanding our position in the value chain and opening up additional business opportunities by entering the field of module integration. We will finance this growth largely from our own cash flow.

The implementation of the strategy will lead to further diversification of our application and customer portfolio in a high-tech market segment and help AT&S to establish a good position in an important future market early on.

AT&S has gradually built crucial capabilities required for the implementation of the strategy over the last few years (with the AT&S Toolbox). At the same time, all possibilities for the establishment of additional required technologies and capabilities are being reviewed. In this context, AT&S is considering both organic and non-organic measures.

## MORE THAN AT&S – GROWTH AND DIVERSIFICATION STRATEGY



1) In 2025  
 2) Compounded annual growth rate until 2025  
 Source: Prismark, April 2020; Yole, May 2019; A.T. Kearney, August 2018; AT&S Analysis

# REPORT OF THE SUPERVISORY BOARD



## Dear shareholders,

The past financial year was heavily influenced by a significant economic slowdown and the outbreak of the COVID-19 pandemic. Despite a challenging operating environment, AT&S delivered solid results in the financial year 2019/20 and generated revenue of € 1,000.6 million (previous year: € 1,028.0 million). Although AT&S very successfully managed to keep the effects of the COVID-19 pandemic on ongoing production to a minimum at all locations, the economic impact could not be avoided completely. EBITDA, at € 194.5 million, was lower than in the previous year at € 250.1 million. The EBITDA margin declined to 19.4% (previous year: 24.3%).

After finance costs – net and income taxes, a profit of € 21.5 million was recorded for the financial year 2019/20.

### ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board met six times during the financial year 2019/20. After having undergone surgery, Mr Androsch did not participate in person in more than half of the meetings of the Supervisory Board.

In the financial year 2019/20, the Supervisory Board performed the tasks for which it is responsible in accordance with the law, the articles of association and rules of procedure. During the financial year from 1 April 2019 to 31 March 2020, the Supervisory Board was regularly informed by the Management Board about the market situation, strategy, operating and financial position of the Group and its investments, staff situation and planned capital expenditures in plenary and committee meetings, as well as in comprehensive oral and written reports. The Supervisory Board made the respective decisions accordingly. At these meetings, there was a comprehensive exchange between the Management Board and the Supervisory Board about the

business development and situation of the AT&S Group, including the financial performance. The Chairman of the Supervisory Board and his deputies were regularly informed about relevant developments by the Management Board, also between meetings of the Supervisory Board.

The activities of the Supervisory Board also focused on the preparation of the budget for the financial year 2020/21 and the further technological development. In the past financial year, the consulting activities and decisions of the Supervisory Board were also related to advancing the company's strategic development, which the Management Board coordinated with the Supervisory Board in detail on a regular basis, the expansion projects at the various production sites, in particular the expansion project of a new plant at the Chongqing site, and the design of the Group's financing structure.

### SUPERVISORY BOARD COMMITTEES

Within the Supervisory Board, the Audit Committee, the Nomination and Remuneration Committee as well as the Finance Committee, as standing committees, exercise certain tasks assigned to them through the rules of procedure of the Supervisory Board. The respective committees carried out detailed analyses of particular matters where necessary and reported their findings to the Supervisory Board:

The Audit Committee, consisting of Regina Prehofer (Chairwoman), Gertrude Tumpel-Gugerell (finance expert, from the AGM 2019), (Gerhard Pichler (finance expert, until the AGM 2019)), Georg Riedl, Wolfgang Fleck and Günther Wölfler, focused primarily on the review of the annual and consolidated annual financial statements for the year ended 31 March 2019, and on planning and preparation for the audit of the annual and con-

solidated financial statements for the financial year 2019/20 and, in particular, the preparation of a proposal for the election of the statutory auditor. By means of discussions with the auditor, inspection of relevant documents and discussions with the Management Board, it obtained a comprehensive view. The Audit Committee also monitored the effectiveness of the company-wide internal control system and the Group's internal audit and risk management systems. The Audit Committee reported to the full Supervisory Board with respect to this monitoring and found no deficiencies. The Audit Committee convened six times in the past financial year. The meetings, which were attended by all committee members, were chaired by Regina Prehofer.

In accordance with a decision made by the Supervisory Board, the members of the Nomination and Remuneration Committee are Hannes Androsch (Chairman), Willibald Dörflinger (Deputy Chairman), Georg Riedl, Wolfgang Fleck and Günther Wölfler. This committee held four meetings in the past financial year, which focused in particular on matters related to succession planning for the position of the COO.

The following Supervisory Board members were appointed members of the Finance Committee:

The members of the Finance Committee are Hannes Androsch (Chairman), Willibald Dörflinger, Regina Prehofer, Georg Riedl, Wolfgang Fleck and Günther Wölfler.

The Finance Committee met once during the financial year 2019/20 and discussed matters of general group financing as well as project financing.

## SELF-EVALUATION OF THE SUPERVISORY BOARD

The Supervisory Board annually carries out a self-evaluation, and did so again for the financial year 2019/20. This evaluation performed by the Supervisory Board based on a digital questionnaire confirmed that its practices meet the Good Governance requirements and that its organisation, work practices and target orientation are efficient and effective.

## ANNUAL FINANCIAL STATEMENT AND DIVIDENDS

The Supervisory Board of AT&S proposed to the 25th Annual General Meeting that PwC Wirtschaftsprüfung GmbH, Vienna, be appointed Company and Group auditors for the financial year 2019/20. The proposal was approved by the Annual General Meeting of 4 July 2019.

The annual financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft and the consolidated financial statements for the year ended 31 March 2020 were audited by PwC Wirtschaftsprüfung GmbH, Vienna, and awarded an unqualified audit report. The Management Report and the Group Management Report for the financial year 2019/20 were consistent with the annual financial statements and the consolidated financial statements. Based on the prior discussions of the Audit Committee, and, following its own detailed discussions and examination, the Supervisory Board approved the Company's annual financial statements for the year ended 31 March 2020 in accordance with Section 96 (4) of the Austrian Stock Corporation Act (AktG) at its meeting on 4 June 2020. With regard to the non-financial report, the Management Board obtained a statement by the auditor prior to the audit, which was submitted to the Supervisory Board. Moreover, based on the prior discussions of the Audit Committee, and after its own detailed consideration and examination, the Supervisory Board approved the consolidated financial statements drawn up in accordance with IFRS pursuant to Section 245a of the Austrian Commercial Code (UGB) as well as the Management Report, the Group Management Report, the Corporate Governance Report and the Non-financial Report. The Supervisory Board review, which included extensive discussions with the auditors, did not give rise to any objections. Pursuant to the recommendation of the Audit Committee, the Supervisory Board of AT&S will propose to the 26th Annual General Meeting that Deloitte Audit Wirtschaftsprüfung GmbH, Vienna, be appointed Company and Group auditors for the financial year 2020/21.

The Supervisory Board supports the proposal of the Management Board: it will be proposed to the Annual General Meeting that out of the total profit of € 105,198,064.56 a dividend of € 0.25 per no-par share outstanding on the payout date and entitled to dividend be distributed and an amount of € 95,485,564.56 be carried forward. Furthermore, the Management and the Supervisory Board of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft will propose to authorise the Management Board to reclassify an amount of up to € 80,000,000.00 of the aforementioned total profit carried forward to free reserves, subject to the approval of the Supervisory Board.

## **THANKS TO THE MANAGEMENT BOARD AND ALL AT&S EMPLOYEES**

Despite recently difficult market developments and the challenges related to the COVID-19 pandemic, AT&S closed a satisfactory year. Strategically, AT&S is on a promising course which provides for further growth.

The Supervisory Board would like to thank all those who worked with great trust and commitment to further develop the AT&S Group. We are convinced that together we will continue to advance the AT&S Group and achieve even more success!

On behalf of the Supervisory Board

Leoben-Hinterberg, 4 June 2020

Hannes Androsch m.p.  
Chairman of the Supervisory Board

# CONSOLIDATED CORPORATE GOVERNANCE REPORT

The Austrian Code of Corporate Governance is a regulatory framework for stock corporations regarding the management and supervision of the company. The objective of the Code is the responsible management and control of enterprises and groups for the purposes of sustainable, long-term value creation. This is intended to achieve a high level of transparency for all stakeholders of the company. The Code is based on the provisions of Austrian company, stock exchange and capital market law, the EU recommendations regarding the responsibilities of supervisory board members and the remuneration of directors and the principles of the OECD Guidelines for Corporate Governance. The Code has been amended several times since 2002.

## COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft ("AT&S") has expressly committed to compliance with the rules of the Austrian Code of Corporate Governance (ACCG) since its admission to listing on the Vienna Stock Exchange on 20 May 2008.

This Corporate Governance Report is based on the status of the Code as amended in January 2020. In key report items, matters of the entire Group are included, if necessary.

The Code can be accessed at [www.corporate-governance.at](http://www.corporate-governance.at).

As an internationally operating listed company, AT&S considers the responsible and sustainable management of the AT&S Group a fundamental prerequisite to achieving the corporate goal of a sustainable increase in company value considering ecological, social and economic aspects.

## EXPLANATION OF DEVIATIONS (FROM C-RULES)

Based on the following explanations, AT&S ensures behaviour consistent with the Code in accordance with the ACCG.

## C-RULES 27 AND 27A AND ALL RELATED PROVISIONS

These rules were amended in the course of the review of the ACCG in December 2009 and came into force on 1 January 2010. Rules 27 and 27a contained in the version of January 2010 only applied to contracts concluded after 31 December 2009. C-Rules 27 and 27a were therefore not applicable with respect to the original agreement appointing Heinz Moitzi to the Management Board as of 1 April 2005 and were also not applied in full when that agreement was extended by the Supervisory Board in 2016. Overall, it was ensured in drawing up the Management Board contracts that existing contracts would not be interfered with and Management Board contracts concluded at a later time would also be consistent with the relevant regulations regarding remuneration. The following deviations regarding the contracts of Andreas Gerstenmayer, Monika Stoisser-Göhring and Heinz Moitzi currently require explanation:

A long-term incentive programme ("LTI programme") for the Management Board and key staff was implemented by resolution of the Supervisory Board on 3 July 2014 based on stock appreciation rights ("SAR"). The Management Board and Supervisory Board work continuously to increase the performance of the AT&S Group with respect to non-financial targets and cooperate closely regarding the long-term development of the company. However, in order to maintain the transparency and traceability of target achievement as it relates to variable long-term remuneration, no fixed non-financial criteria for remuneration are stipulated under the long-term incentive programme. This LTI programme was continued essentially unchanged for the period 2017 to 2019. Details regarding the LTI programme can be found in the section on Management Board remuneration.

The variable remuneration of the Management Board (not in the form of SAR) is dependent on the achievement of two performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), with a 90% weighting, and the

innovation revenue rate (IRR), with a 10% weighting. The inclusion of IRR is of major importance in giving variable remuneration a long-term focus because innovation strength – the development of new technologies, products or product types – is a crucial factor for the future business success of the Group. It can also be measured reliably. IRR represents the share of total revenue generated from technologically innovative products introduced in the past three years. The three-year reference period provides a long-term component of variable remuneration.

The combination of short-term and long-term incentive programmes promotes the desired long-term, sustainable steering effect over several years while at the same time accentuating the targeted dynamic company growth.

Management Board members are contractually entitled to termination benefits in accordance with the Salaried Employees Act, applied mutatis mutandis (“old system for severance pay”), if their appointments are terminated. As a result, severance payments may exceed the amount of two annual remunerations in exceptional cases. The same could also apply in the event of a premature termination of a Management Board member’s appointment by the respective Board member for reasonable cause, or where the function becomes obsolete for legal reasons.

The contracts of all members of the Management Board include a “Change of Control” clause, which defines the benefits related to the termination of the Management Board appointment as a result of a change of control. A change of control exists in the event that a shareholder has obtained control of the company in accordance with Section 22 of the Austrian Takeover Act (ÜbG), or the company has been merged with a non-Group legal entity, unless the value of the other legal entity amounts to less than 50% of the value of the company according to the agreed exchange ratio.

In the event of a change of control, the Management Board member is entitled to resign for good cause and to terminate the Management Board contract within a defined period of time (“special termination right”). If the special termination right is exercised or the Management Board contract is terminated by mutual agreement within six months of the change of control, the Management Board member is entitled to the payment of

his/her remuneration entitlements for the remaining term of this contract, however, for a maximum of three annual gross salaries. Other remuneration components shall not be included in the calculation of the amount of the severance payment and shall be excluded from it. If a termination benefit has been agreed in the Management Board contract, the Management Board member is also entitled to this termination benefit in the event the special termination right is exercised or the Management Board contract is terminated by mutual consent in the event of a change of control. Beyond that, there are no entitlements. The agreement of such a contract clause is considered market standard by the Nomination and Remuneration Committee and serves to ensure that Management Board members exercise their tasks in the best interests of the company in such situations.

## Management Board

### COMPOSITION, WORKING PRACTICES AND ORGANISATION

As of 31 March 2020, the Management Board consisted of Andreas Gerstenmayer as Chairman of the Management Board (CEO), Monika Stoisser-Göhring as Chief Financial Officer (CFO) and Deputy Chairwoman, and Heinz Moitzi as Chief Operating Officer (COO).

As a collective executive body, the Management Board is jointly responsible for the management of the company. In addition to the collective responsibility, each Management Board member is also responsible for defined areas of business. The assigned corporate functions are shown in the table.



**Management Board of AT&S AG**

	Assigned Group functions	Date of first appointment	End of current appointment
<b>Andreas Gerstenmayer, CEO</b> born 1965	Sales/Marketing; Communication; Investor Relations; Purchasing; Business Development/Market Intelligence; Strategy and Transformation; Compliance	01.02.2010	31.05.2021
<b>Monika Stoisser-Göhring, CFO</b> born 1969	Finance and Accounting; Controlling, Legal; Internal Audit; Information Technology; Human Resources; Corporate Social Responsibility	02.06.2017	15.05.2020
<b>Heinz Moitzl, COO</b> born 1956	Research & Development (R&D); Maintenance; Production; Quality Assurance; Business Process Excellence; Environment; Health & Safety	01.04.2005	31.05.2021

## Composition of the Supervisory Board

The Supervisory Board monitors and supervises management, and is responsible for decisions that are of fundamental importance to, or involve the strategic focus of, the Group.

Throughout the financial year from 1 April 2019 to 31 March 2020, the Supervisory Board received written and oral reports from the Management Board on the Group's policies and performance, and was closely involved in all business issues. The Supervisory Board met six times during the financial year 2019/20. Mr Androsch did not participate in person in more than half of the Supervisory Board meetings.

At these meetings, the Management Board and the Supervisory Board discussed the economic position of the AT&S Group in detail. The Management Board comprehensively informed the Chairman of the Supervisory Board or his Deputy, also between Supervisory Board meetings, and the Supervisory Board as part of the Group's ongoing reporting process and at all board meetings, of the Group's operating and financial position, and of its investments in other companies, the staff situation and planned capital expenditures. In the past financial year, discussions and decisions of the Supervisory Board addressed, in particular, the Group's future strategic development and the establishment of a new plant in Chongqing.

The Supervisory Board annually carries out a self-evaluation in accordance with Rule 36 of the Code of Corporate Governance, and

did so again for the financial year 2019/20. This evaluation performed by the Supervisory Board based on a digital questionnaire confirmed that its practices meet the Good Governance requirements and that its organisation, work practices and target orientation are efficient and effective.

### INDEPENDENCE OF SUPERVISORY BOARD MEMBERS

In accordance with C-Rule 53 of the ACCG, the Supervisory Board has established the following criteria to be used in determining the independence of its members: Supervisory Board members are to be regarded as independent if they have no business or personal relationships with the company or its Management Board which could be cause for material conflicts of interest and therefore liable to influence the behaviour of the member in question. The detailed criteria for the assessment of a Supervisory Board member are defined in the Rules of Procedure of the Supervisory Board, Appendix 1: Criteria of Independence of the members of the AT&S Supervisory Board. The Rules of Procedure of the Supervisory Board can be viewed at [www.ats.net/company/supervisory-board/](http://www.ats.net/company/supervisory-board/).

In March 2020, the members of the Supervisory Board appointed by the Annual General Meeting each declared in writing whether they were independent as determined by the above criteria. Seven of the eight members of the Supervisory Board representing shareholder interests declared that they were independent. Mr Androsch declared that he was not independent.

## AT&amp;S AG Supervisory Board

	Date of first appointment	End of current appointment	Membership of other Supervisory Boards	Independent according to ACGG rule
<b>Hannes Androsch</b> Chairman of the Supervisory Board born 1938	30/09/1995	26th AGM 2020	–	–
<b>Willibald Dörflinger</b> First Deputy Chairman of the Supervisory Board born 1950	05/07/2005	26th AGM 2020	Deputy Chairman of the Supervisory Board of HWA AG, Affalterbach, Germany	53
<b>Regina Prehofer</b> Second Deputy Chairwoman of the Supervisory Board born 1956	07/07/2011	30th AGM 2024	Member of the Supervisory Board of Wienerberger AG, Vienna, Austria	53, 54
<b>Karl Fink</b> Member of the Supervisory Board born 1945	05/07/2005	26th AGM 2020	–	53, 54
<b>Albert Hochleitner</b> Member of the Supervisory Board born 1940	05/07/2005	26th AGM 2020	–	53, 54
<b>Georg Riedl</b> Member of the Supervisory Board born 1959	28/05/1999	30th AGM 2024	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria	53
<b>Gertrude Tumpel-Gugerell</b> Member of the Supervisory Board born 1952	04/07/2019	30th AGM 2024	Member of the Supervisory Board of Vienna Insurance Group AG, Vienna, Austria of OMV AG, Vienna, Austria of Commerzbank AG, Frankfurt, Germany	53, 54
<b>Karin Schaupp</b> Member of the Supervisory Board born 1950	07/07/2011	30th AGM 2024	–	53, 54

## Appointed by the Works Council

<b>Wolfgang Fleck</b> Member of the Supervisory Board born 1962	03/09/2008	–	–	n. a.
<b>Günter Pint</b> Member of the Supervisory Board born 1976	19/09/2017	–	–	n. a.
<b>Siegfried Trauch</b> Member of the Supervisory Board born 1960	28/01/2016	–	–	n. a.
<b>Günther Wölfler</b> Member of the Supervisory Board born 1960	10/06/2009	–	–	n. a.

C-Rule 54 specifies that, for companies with a free float in excess of 50%, at least two Supervisory Board members who are independent in accordance with C-Rule 53 should also not be shareholders with interests in excess of 10%, or representatives of such interests. Five of the eight Supervisory Board members representing shareholder interests – Regina Prehofer, Karin Schaupp, Getrude Tumpel-Gugerell, Karl Fink and Albert Hochleitner – declared themselves independent within the meaning of this rule.

## DIVERSITY

When selecting members of the Supervisory Board, the focus is on expertise and management experience. Diversity is also a consideration in its composition. Currently, three members of the Supervisory Board are women, representing a proportion of female members of 25%, a value below the average of listed Austrian companies. However, an increase was achieved compared to the previous year and the company strives to further raise this percentage in accordance with legal requirements. The age of Supervisory Board members ranges from 43 to 81 years on 31 March 2020. All members of the Supervisory Board representing shareholder interests have extensive experience in international business. In the financial year 2017/18, a diversity concept was prepared, which is continuously developed further. Details regarding the diversity concept and the advancement of women in leadership roles are provided in chapter “Material topics” of the non-financial report.

## RELATED PARTY TRANSACTIONS

In connection with various projects, the Group obtained services totalling € 363 thousand (previous year: € 376 thousand) from AIC Androsch International Management Consulting GmbH, where Chairman of the Supervisory Board Hannes Androsch has full authority to act on behalf of the company as its Managing Director.

## COMMITTEES

In order to provide effective support and to properly address complex technical matters, the Supervisory Board has established three permanent committees for detailed analysis of particular issues and regular reporting to the Supervisory Board.

### Audit Committee

In the reporting year, the Audit Committee consisted of:

- Regina Prehofer (Chairwoman)
- Gertrude Tumpel-Gugerell (Finance expert, from AGM 2019)
- Gerhard Pichler (Finance expert, until AGM 2019)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Audit Committee monitors the accounting process and the work of the statutory auditor, monitors and reviews the statutory auditor’s independence, reviews the preparation and audit of the annual financial statements and reviews the proposed distribution of profits, the Management Report and the Corporate Governance Report as well as other reports and declarations to be presented as part of the preparation of the annual financial statements. The committee is responsible for reporting on the results of its reviews to the Supervisory Board. The Audit Committee also carries out preparatory work for the Supervisory Board on all issues in connection with the audit of the consolidated financial statements, consolidated management report and the consolidated accounting process. It also submits a proposal for the appointment of the statutory auditors and reports on this matter to the Supervisory Board. The Audit Committee is responsible for monitoring the effectiveness of the Group-wide internal control system and, where appropriate, the Group’s internal audit and risk management systems. The Audit Committee convened six times in the financial year 2019/20. Its activities focused on the discussion and reviews of the annual and consolidated financial statements as of 31 March 2019, the planning and preparation of the audit of the annual and consolidated financial statements for the financial year 2019/20, the preparation of a proposal for the election of the statutory auditor as well as the discussion of the risk management, internal control and internal audit systems.

### Nomination and Remuneration Committee

This committee consisted of the following members:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (Deputy Chairman)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Nomination and Remuneration Committee submits proposals to the Supervisory Board for appointments to fill vacancies on the Management Board whenever necessary. It deals with succession planning issues and the remuneration of Management Board members. All of the committee members representing shareholders possess knowledge of and experience in the area of remuneration policies. The Nomination and Remuneration Committee is also authorised to make decisions in urgent cases. This committee met four times in the financial year 2019/20, which focused primarily on the succession planning for the position of the COO.

### Finance Committee

In December 2018, a permanent Finance Committee of the Supervisory Board of AT&S was established in order to address the complex and specific tasks of financing as efficiently as possible. The Members of the Finance Committee are:

- Hannes Androsch (Chairman)
- Willibald Dörflinger
- Regina Prehofer
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfner

The Finance Committee met once in the financial year 2019/20 and discussed matters of general Group financing as well as project financing.

## Remuneration Report for the Management and Supervisory Boards

The following report presents the remuneration of AT&S's Management and Supervisory Board members. It should be read in conjunction with the explanations in the notes to the 2019/20 annual and consolidated financial statements.

### MANAGEMENT BOARD REMUNERATION

Total remuneration paid to members of the Management Board in the financial year: *see table below*

The fixed element represented 65.2% of Mr Gerstenmayer's total remuneration, and the variable element 34.8%. The fixed element represented 100% of Mr Moitzi's total remuneration and the variable element 0%. Finally, the fixed element represented 100% of Ms Stoisser-Göhring's total remuneration and the variable element 0%. For the current Management Board as a whole, the fixed element represented 83% in the financial year 2019/20 and the variable element 17.0%.

By resolution of the Supervisory Board on 3 July 2014, a long-term incentive ("LTI") programme for the Management Board and key staff based on stock appreciation rights (SAR) was implemented for the period from 2014 to 2016; this programme was extended largely unchanged for the period from 2017 to 2019.

SAR are rights to appreciation in value based on share performance over a defined period of time. As with stock options, but without granting actual shares or an option for such granting,

### Management Board remuneration

€ in thousands

	Financial year 2019/20			Financial year 2018/19		
	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	532	284 <sup>1)</sup>	816	532	714	1,246
Monika Stoisser-Göhring <sup>2)</sup>	423	–	423	391	175	566
Heinz Moitzi	429	–	429	417	186	603
Karl Asamer <sup>3)</sup>	–	–	–	–	142	142
<b>Total</b>	<b>1,384</b>	<b>284</b>	<b>1,668</b>	<b>1,340</b>	<b>1,217</b>	<b>2,557</b>

1) Variable remuneration includes remuneration from share appreciation rights amounting to € 284 thousand (previous year: € 427 thousand).

2) The exercise of share appreciation rights allocated before the appointment to the Management Board on 2 June 2017 is not included.

3) Former member of the Management Board (until 2 June 2017).

the recipient receives financial remuneration only if the performance of the share price is positive. In particular, the conditions include long-term and multiple-year performance criteria, a minimum vesting period of three years (with a subsequent exercise period of no more than two years), a minimum own investment by the recipient, and an upper limit on the potential financial benefits:

Earnings per share (EPS) determines how many of the SAR allotted may actually be exercised once the vesting period ends. The EPS established by the medium-term plan for the reporting date of the third year following the allotment applies as the target. If, at the end of the vesting period, less than 50% of the EPS target has been achieved, the allotted SAR are forfeited. If 100% or more of the EPS target has been achieved at the end of the vesting period, all of the allotted SAR may be exercised. If achievement of the target is between 50% and 100%, the allotted SAR may be exercised in linear proportion to the percentage achieved.

Own investment is a mandatory prerequisite for exercising SAR. The own investment is made by purchasing shares corresponding to 20% of the total allotment amount in SAR for a given year (e.g. for an allotment of 5,000 SAR, the own investment is 1,000 shares). If the own investment has not been made in full by the end of the vesting period (after three years), all previously allotted SAR of the corresponding programme are forfeited. The own investment must be held for the entire period of participation in the LTI programme.

The exercise price is determined on the allotment date and is equal to the average closing price of AT&S shares on the Vienna Stock Exchange during the six months preceding the respective allotment date.

The performance of the share price determines the amount of the LTI awarded to the recipient: the difference between the exercise price of the relevant virtual allotment and the closing price of the AT&S share on the Vienna Stock Exchange on the exercise date is multiplied by the number of SAR. There are no premiums on the exercise price and payouts are made in cash. In the event of exceptionally positive performance, the payout amount per SAR is limited to the amount represented by 200% of the respective exercise price (example: for an exercise price of € 8, the maximum value per SAR is € 16, which means that any share closing price above € 24 produces no associated increase in the value per SAR).

Three allotment tranches were possible for the LTI programmes 2014–2016 and 2017–2019 respectively, from 1 April 2014 to 1 April 2019.

The following table shows the allotted SAR which have not been exercised and have not forfeited by the year of allotment and allotment prices as of 31 March 2020: [see table below](#)

The variable remuneration of the Management Board (not in the form of SAR), which is generally accounted for in total remuneration, depends on the short-term achievement of two performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), with a 90% weighting, and the innovation revenue rate (IRR), with a 10% weighting. The basic prerequisite for awarding this variable remuneration is positive EBIT for the Group as a whole for the financial year and the attainment of the target EBIT margin for the Group as a whole by at least 70% (the “hurdle rate”). If these key performance indicators are exceeded, bonuses are restricted to a maximum of 200% of the annual bonus set out in the contract of employment. The inclusion of IRR is of major

#### Total number of SARs granted, not yet exercised and not yet expired on 31 March 2020

	Total	2019	2018	2017	2016
Andreas Gerstenmayer	150,000	50,000	50,000	50,000	–
Monika Stoisser-Göhring	90,000	30,000	30,000	30,000	–
Heinz Moitzi	90,000	30,000	30,000	30,000	–
Karl Asamer <sup>1)</sup>	30,000	–	–	30,000	–
Exercise price (in €)		17.25	21.94	9.96	13.66

1) Former Member of the Management Board (until 2 June 2017).

importance in giving variable remuneration a long-term focus. Innovative strength – the development of new technologies, products or product types – is a crucial factor for the future business success of the Group. It can also be reliably measured: IRR represents the share of total revenue generated by technologically innovative products introduced in the past three years. The three-year reference period provides a long-term component of variable remuneration.

With respect to the variable remuneration of selected executives in other Group companies, the same principles apply as described above for the Management Board of the parent company.

Management Board members are contractually entitled to termination benefits in accordance with the Salaried Employees Act, applied mutatis mutandis (“old system for severance pay”), if their appointments are terminated. In the event of premature termination initiated by a Management Board member for reasonable cause, or if the function is eliminated for legal reasons, remuneration is payable until the end of the appointment contract. Where a Management Board member resigns the appointment or is removed from office for severe breach of duty, and in the event of death, payment of salary ceases at the end of the applicable month.

Mr Gerstenmayer, Ms Stoisser-Göhring and Mr Moitzi have pension entitlements in the form of defined benefit or defined contribution plans agreed individually. For Mr Gerstenmayer and Ms Stoisser-Göhring, a contribution of 10% of the monthly gross fixed salary is paid into a pension fund. Mr Moitzi’s pension entitlement is 1.2% of his most recent salary for each year of service,

up to a maximum of 40%. The amount of the occupational pension is based on the capital accumulated in the pension fund; the annuity is determined by the pension fund’s rules.

Members of the Management Board are entitled to a company car (included in the above-mentioned fixed remuneration in the amount of the additional taxable amount) and are covered by accident insurance, the premium of which is also included in the above-mentioned fixed remuneration. Health insurance is limited to what is provided under the Austrian statutory social security system.

## SUPERVISORY BOARD REMUNERATION

Remuneration for the members of the Supervisory Board is determined retrospectively for the past financial year by means of a resolution at the Annual General Meeting. Remuneration paid to members of the Supervisory Board in the financial year 2019/20 for the previous financial year 2018/19 was in accordance with the resolution passed at the 25th Annual General Meeting of 4 July 2019: [see table below](#)

The Chairman of the Supervisory Board received fixed remuneration of € 56,240 as shown above, his Deputies € 44,160 and all other elected members € 28,120. Chairmanship of a standing committee (Nomination and Remuneration Committee, Audit Committee) was remunerated with a fixed amount of € 5,000 per financial year, and membership of a standing committee with € 3,000. The attendance fee was € 400 per Supervisory Board meeting and all cash expenses were thus reimbursed. Members of the Supervisory Board also received

### Remuneration for the members of the Supervisory Board

in €

Member	Fixed fee	Committee fee	Variable remuneration	Attendance fees	Total
Hannes Androsch	56,240	6,667	13,800	2,400	79,107
Willibald Dörflinger	44,160	4,000	9,200	2,400	59,760
Regina Prehofer	44,160	6,000	9,200	2,400	61,760
Karl Fink	28,120	–	6,900	2,000	37,020
Albert Hochleitner	28,120	–	6,900	2,400	37,420
Gerhard Pichler	28,120	3,000	6,900	2,400	40,420
Georg Riedl	28,120	7,000	6,900	2,400	44,420
Karin Schaupp	28,120	–	6,900	2,400	37,420
<b>Total</b>	<b>285,160</b>	<b>26,667</b>	<b>66,700</b>	<b>18,800</b>	<b>397,327</b>

variable remuneration based on the short-term achievement of two performance targets defined as part of the budget. These targets are return on capital employed (ROCE), with a weighting of 90%, and the innovation revenue rate (IRR), with a weighting of 10%. If the targets are achieved 100%, the Chairman receives € 15,000, his Deputies € 10,000 and other members € 7,500 per financial year. If the key performance indicators for ROCE and IRR are exceeded, variable remuneration of a maximum of 200% of the base described above is paid. Members of the Supervisory Board do not receive stock options in the Group or SAR. Since the targets established for variable remuneration in the budget for the financial year 2018/19 were achieved and exceeded, the maximum amount of variable remuneration for the members of the Supervisory Board was provided in the financial year 2018/19. For the financial year 2019/20 the remuneration of the Supervisory Board will be determined at the 26th Annual General Meeting on 9 July 2020.

The employee representatives perform their duties on the Supervisory Board voluntarily and therefore receive no separate remuneration for their position.

## DIRECTORS AND OFFICERS LIABILITY INSURANCE (D&O INSURANCE)

The D&O insurance at AT&S covers all past, present and future members of the Company's and its subsidiaries' managing and supervisory bodies and selected other senior staff. The insurance covers court and all other costs of defence against unwarranted claims, together with the satisfaction of warranted claims for pure financial loss arising from breaches of duty by the insured in their managerial or supervisory activities. The insurance provides global cover and the annual premium is paid by AT&S.

## Directors' Dealings

Purchases and sales carried out by members of the Management Board, the Supervisory Board and related persons are reported to the Financial Market Authority in accordance with Art. 19 of Regulation (EU) No. 596/2014 and published via an EU-wide disclosure system as well as on the AT&S website, [www.ats.net/company/corporate-governance/directors-dealings/](http://www.ats.net/company/corporate-governance/directors-dealings/).

# NON-FINANCIAL REPORT

## Embedding and managing sustainability

### STATEMENT OF THE MANAGEMENT BOARD

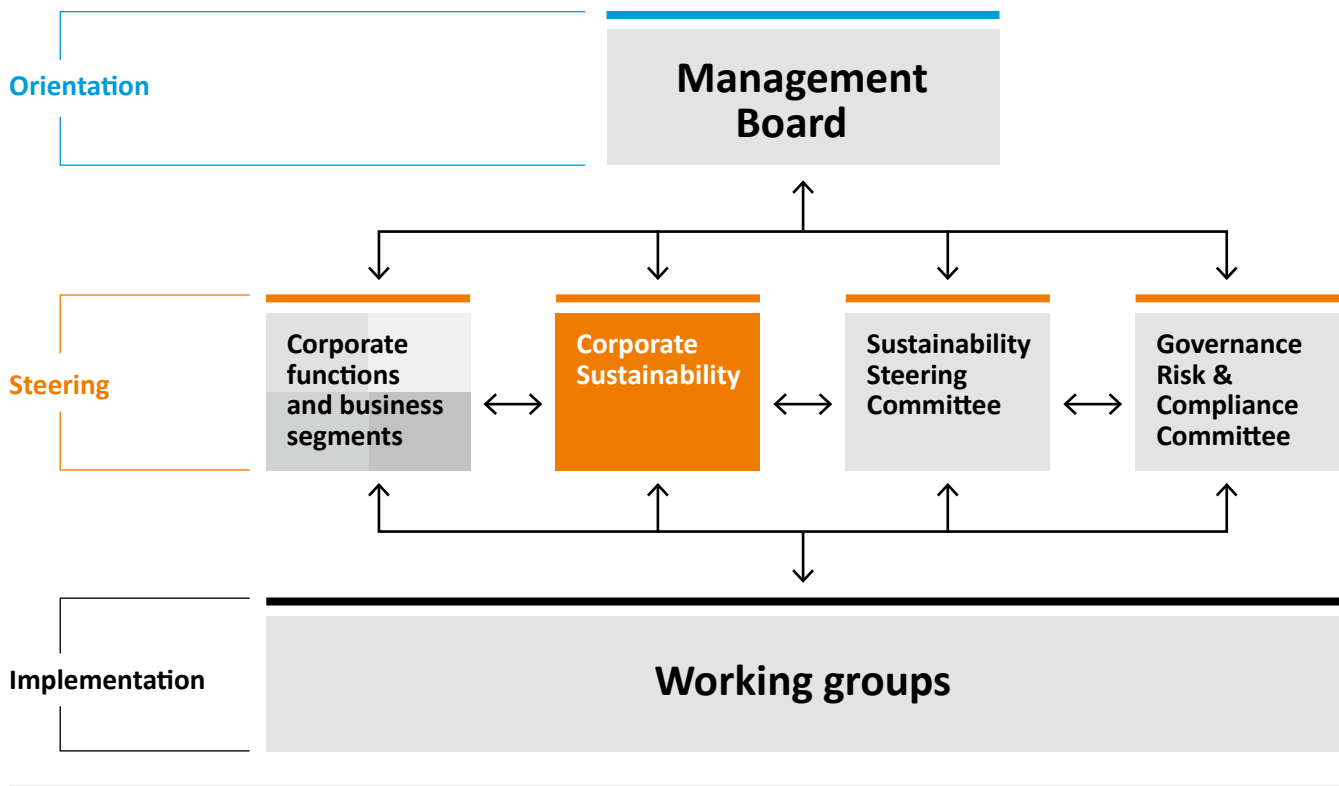
AT&S is committed to sustainability in all its facets. With this condensed report for the Group as a whole and for Austria Technologie und Systemtechnik AG (in the following referred to as the “parent company”), we not only meet the reporting obligation in accordance with the Sustainability and Diversity Improvement Act (Section 243b, Section 267a and Section 243c of the Austrian Commercial Code, UGB). Rather, our objective is to provide transparency for all stakeholder groups. On the following pages, we describe the development of the sustainability strategy and the

resulting fields of action in detail. The material topics are allocated to these strategic fields of action with management concepts, due diligence processes and indicators.

### BUSINESS MODEL AND GOVERNANCE STRUCTURE STAND FOR SUSTAINABILITY

Today AT&S high-end printed circuit boards and substrates already form the central nervous system of nearly all electronic devices and are just as versatile and complex as the electronic devices themselves. High-end interconnect solutions enable powerful and high-tech applications for our customers and are employed in the mobile devices, IC substrates, automotive, industrial and medical segments. This makes AT&S the technology and quality leader in the printed circuit board and substrate industry. AT&S is

## Management structure





a global player with production sites in Austria, India, China and South Korea and additional sales service companies around the globe. Working with passion and diligence every day, an average of 10,239 employees make the success of AT&S and its customers worldwide possible. Independent of the evolving technologies, AT&S offers the interconnect technology of the future.

The sustainability dimensions are firmly embedded in this business model. All decisions are made taking into account social, environmental and economic aspects and, of course, compliance with legal requirements.

The Corporate Sustainability team is responsible for the development of the sustainability strategy in close alignment with the Management Board of the AT&S Group, the business segments and all other corporate functions, and for the coordination of the sustainability agenda. The team is also represented in relevant steering committees and reports directly to the AT&S Group Management Board.

## PARTNERSHIPS – MORE EFFECTIVE TOGETHER

AT&S is convinced that working together, we are more effective as a society. AT&S therefore relies on strong partnerships and is committed to the UN Sustainable Development Goals (SDGs), the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights, the International Labour Organization (ILO), the Responsible Business Alliance (RBA) and the Responsible Minerals Initiative (RMI). In addition, we continuously work on the increasing integration of climate-related information in accordance with the EU guideline for the disclosure of climate-related information and the Task Force on Climate-related Financial Disclosures (TCFD). This report was prepared based on the standards of the Global Reporting Initiative (GRI), “Core” option.

## VALUE CREATION PROCESS – RESPONSIBILITY STARTS WITH THE SUPPLY CHAIN

For a high-end interconnect solution provider, growth and value creation are central to economic success. AT&S recognises its responsibility along the entire value chain, uses opportunities and risks and is committed to excellence in the printed circuit board and substrate industry based on the best customer service and innovative, sustainable solutions. In doing so, it is not enough to focus on selected processes; rather, the entire value chain must be viewed in an integrated manner.

### In procurement, it is not just the price that counts

This integrated approach starts with sourcing raw materials such as copper and gold, but also covers the production of key materials such as laminates and chemicals, the choice of equipment as well as purchased energy and water supply. Therefore, AT&S needs sustainable partnerships within the value chain with partners who pursue the same goals. That is why in addition to price, non-financial factors such as delivery reliability, quality, business ethics, respect for human rights and compliance with environmental standards also count in the selection of our suppliers.

### Storage, production and transport are direct spheres of influence

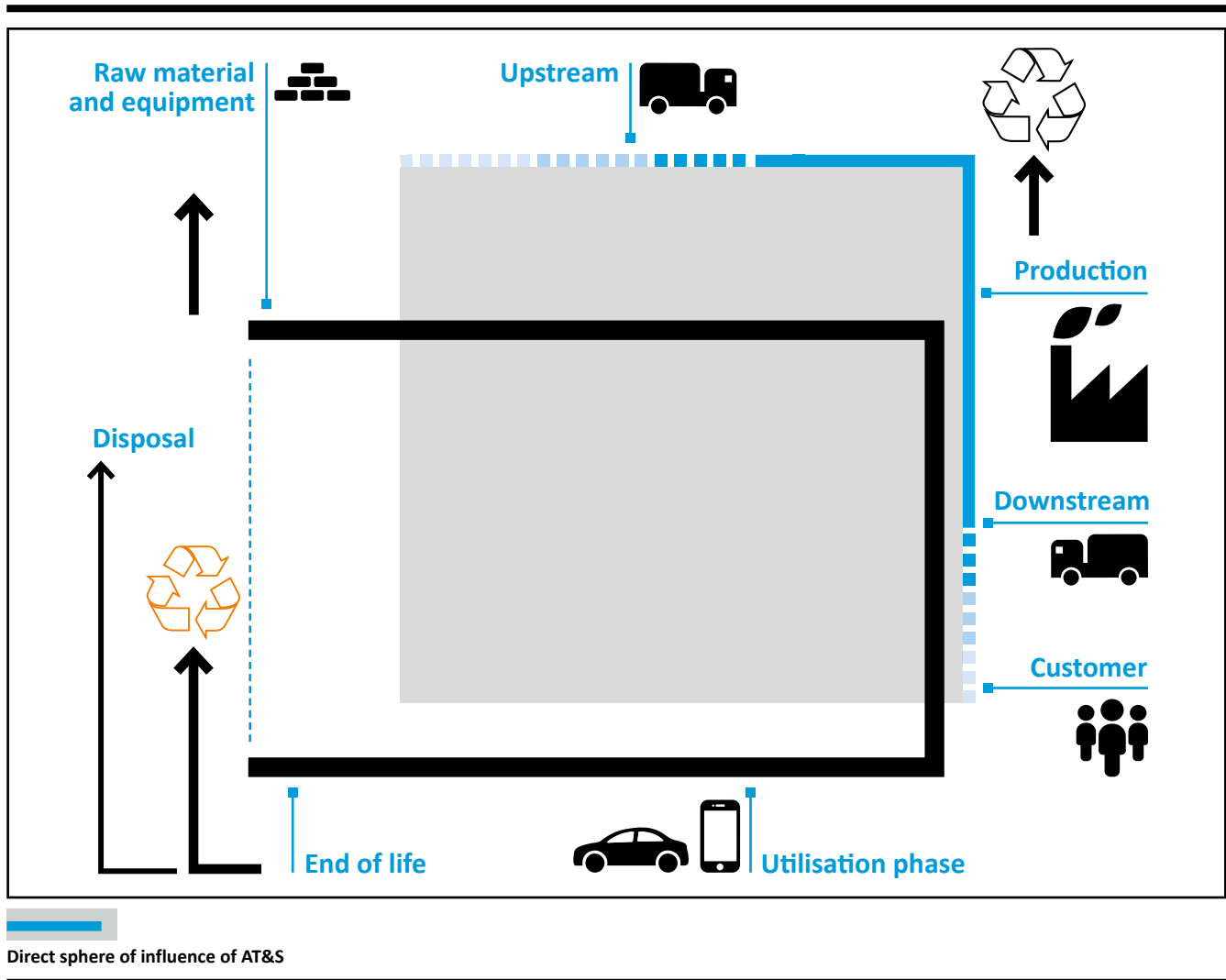
Spheres of influence include the transport and storage of precursor materials, the production and packaging of products and, in part, the delivery to customers. Appropriate storage of the materials before the start of production as well as careful handling in production are indispensable for the entire manufacturing process. AT&S always strives for best-in-class approaches in all processes. To contribute to a sustainable value chain AT&S aims to continuously improve processes and build strong partnerships with our employees and supplier companies. This includes permanent efforts to reduce the consumption of water, energy and raw materials to a minimum through targeted efficiency projects. Certifications and standards that are well

established at all production sites indicate clearly that we take our responsibility regarding quality, the environment, occupational safety, energy, data security and customer orientation seriously. Regular recertification audits ensure that the standards are maintained. *The table on the following page* shows an overview of all standards and norms of the AT&S Group.

**End users are primarily responsible for the utilisation phase and disposal of the end devices**

Exercising influence during the utilisation phase requires strong partnerships with our customers. Regarding proper disposal after the utilisation phase, AT&S calls upon end users to act responsibly.

**Value creation process**



## Standards and certificates

Certification	Description	Leoben	Fehring	Nanjangud	Ansan	Shanghai	Chongqing
ISO 9001:2015	Certification of quality management systems to prove high quality standards of products	X	X	X	X	X	X
EN 9100:2018	European quality standard for the aerospace industry	X	X	-	-	-	-
DS/EN ISO 13485:2016	International quality standard for the design and production of medical devices	X	X	-	-	-	-
DIN EN ISO 50001:2011	International standard for energy management to increase energy efficiency	X	X	X	-	-	-
OHSAS 18001:2007 (ISO 45001)	Standard for the management of occupational health and safety to minimise risks and increase productivity	X	X	X	X	X	X
ISO 14001:2015	Global standard for environmental management systems, to optimise processes, reduce costs and minimise risks	X	X	X	X	X	X
IATF 16949:2016	Globally recognised standard in automotive industry	X	X	X	X	X	-
ISO/IEC 27001:2013	International standard for information security	X	X	-	-	-	-
NADCAP Accreditation	Accreditation for a uniform quality standard in the aerospace industry to harmonise production and audit processes of aircraft components	X	-	-	-	-	-
AEO Certificate	Authorised Economic Operator of the European Union	X	X	-	-	-	-
UL Listing	Standard to ensure electrical and mechanical safety of electronic components	X	X	X	X	X	X
Sony Green Partner Certificate	Sony Green Partner	-	-	-	-	X	-

However, as far as it is in our sphere of influence, AT&S does not shy away from its obligations when it comes to disposal, but ensures that waste is adequately disposed of by either returning it to the processes as part of a circular economy or by recycling it through a variety of procedures. The goal is to keep the impact of our business activities on people and the environment to a minimum and to go beyond legal minimum requirements.

## THE SUSTAINABILITY STRATEGY IS DERIVED FROM THE CORPORATE STRATEGY

Sustainability is firmly embedded in our corporate strategy and part of our AT&S mission. As a globally operating company, it is essential to view the big picture: we aim to be the first choice for advanced applications. The strategic levers to achieve this goal are expanding technology leadership through innovative solutions, sustainable, profitable growth, creation of stakeholder value and sustainable management. Based on this holistic and future-oriented mindset, AT&S, as a leading provider of high-end interconnect solutions, aims to reconcile the interests of business, ecology and social development.

### Stakeholder survey as a central component of the sustainability strategy

We developed the sustainability strategy in line with our Group-wide strategic orientation. AT&S attached great value to involving all important groups of stakeholders including employees, customers, suppliers and shareholders. The results of the stakeholder survey conducted during the 2018/19 financial year and the topics resulting from the materiality analysis take into account the impact of AT&S's operating activities, our supply chain and our products, and are central elements of the sustainability strategy. In the financial year 2019/20, the results of the materiality matrix were reflected upon together with the Management Board, taking into account the feedback of key customers. In the course of this process we came to the conclusion that both communication and digitalisation are tools rather than drivers. Both are material instruments in achieving the strategic goals and support the other material topics, but are not an end in itself. Therefore, communication and digitalisation are not listed as separate material topics in this year's non-financial report.

### UN Sustainable Development Goals and global trends considered

Other influencing factors beyond that were of course also considered. AT&S makes a clear commitment to the Sustainable Development Goals (SDGs) of the United Nations. These goals have been incorporated in the sustainability strategy insofar as the

impact of AT&S's activities on all 17 goals and their 169 subgoals were assessed in detail. In doing so, three SDGs were rated as central and another six as relevant. These nine SDGs which are essential to AT&S are accentuated *in the illustration below*. AT&S thus takes both the responsibility and the opportunity to contribute to climate protection, sustainable production and reduction of inequality within the meaning of the SDGs.

## WE FOLLOW! The SDGs that guide us\_

→ We have rated 9 of the 17 SDGs as relevant to us.



Moreover, global developments and trends, the risk report 2020 of the Global Economic Forum as well as the consideration of the Taxonomy Report of the technical expert group of the EU on sustainable finance, the EU Guideline for the reporting of climate-related information and the Task Force on Climate-related Financial Disclosures (TCFD) were considered in the strategy development process.

**Integration of non-financial opportunities and risks into the existing opportunities and risk management**

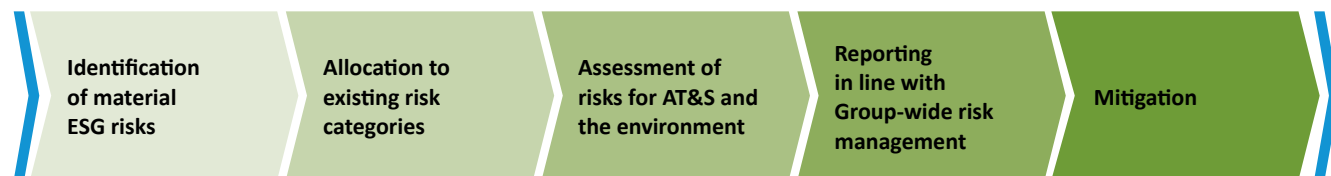
The integration of non-financial opportunities and risk management into the existing Group-wide risk management was one of the milestones in the financial year 2019/20 (see Management Report page 107 ff.). Based on a comprehensive risk catalogue consisting of more than 600 risks, the non-financial risks were filtered. These are the risks related to the environment, social matters and responsible governance – so-called ESG risks. A clear distinction was made between causes, risks and the impact on the operating activities of AT&S and on the environment. In the next step, these risks were assigned to existing risk categories, a reference was established between qualitative and quantitative risk assessment and all risks were assessed both in the short-term horizon of one year and in the medium-term 5-year horizon. The process is shown *in the illustration below*. The overview of non-financial opportunities and risks including risk categories, mitigation measures and allocation of the topics are shown in *the table on page 50*.

Material risks are risks which in line with this risk assessment process result in a risk level greater than three in the one-year period for the environment before further mitigation measures and which are caused directly by the operations of AT&S, our supply chain or products. For a detailed risk assessment with a focus on the operating activity of AT&S including notes on the risks levels and management, please refer to the Group Management Report, Section “Opportunities and Risks”.

In addition, other relevant risks such as occupational accidents or corruption are also listed. While these risks are of course part of the risk assessment process, they were assessed at a lower risk level. This is due to the fact that the mitigation measures are so well established within the company that either the probability of occurrence or the expected impact on the environment and AT&S are considered to be low. In accordance with the EU Guidelines for reporting climate-related information and the TCFD, climate-relevant risks are also part of the risk assessment. In addition to the physical risks, caused by chronic or acute effects of climate change and global warming on the operating activities of AT&S and the environment, risks and opportunities arising from the transition to a low-carbon, climate-resilient economy are also considered.

AT&S considers this transition an opportunity and accordingly developed the energy strategy with ambitious decarbonisation targets. This way, we counter potential transitional risks, which could arise from future laws and regulations as well as customer requirements. At the same time, we use the opportunity to position ourselves as a climate-resilient company and to benefit from reputation gains. We counter technological risks with sustainable innovations and, as a first step, with our life cycle assessment project.

**Risk management\_**



Overview of material and other relevant risks

	Risk category	Risk	Mitigation	Opportunities	NaDiVeG issues
Material risks	OPERATIONAL	Inefficient use of resources	Energy strategy, projects to increase efficiency and effectiveness, water recycling	Cost reduction, climate-resilient business model, industry benchmark, image improvement	Environmental issues
	ORGANISATION	Discrimination and low diversity of staff	Diversity strategy, Code of Conduct	Inclusive, diverse employer, competitive advantage, increased profitability, innovative strength and employee motivation, low fluctuation	Social issues, employee issues
	MARKET	Use of AT&S products in unethical applications	Code of Conduct, commitment to RBA, internal guideline, training	Protection of human rights, avoidance of support of armed conflicts and environmental degradation, image improvement, increased employee motivation	Environmental issues, social issues, respect for human rights
	PROCUREMENT	Non-compliance with ESG-relevant requirements	Supplier Code of Conduct, clear processes for careful selection of suppliers, supplier audits, commitment to RBA & RMI	Protection of human rights, image improvement, increased attractiveness of the company for sustainable financing, avoidance of support of armed conflicts, increased employee motivation	Social issues, employee issues, environmental issues, respect for human rights
Other relevant risks	OPERATIONAL	Disruption of operations/pandemics	Business continuity management, OHSAS 18001/ISO 45001, highest safety standards	Image improvement, strong crisis management, strong cohesion and loyalty of staff	Employee issues, social issues
	OPERATIONAL	Occupational accidents	OHSAS 18001/ISO 45001, protective clothing, handling of dangerous goods, training	Increased employee motivation, low fluctuation	Employee issues
	ENVIRONMENT	Extreme weather events, natural disasters	Business continuity management, OHSAS 18001/ISO 45001, employee sensitisation and training	Strong cohesion, loyalty of staff, stronger adaptability	Environmental issues, social issues
	ENVIRONMENT	Global warming	Energy strategy, projects to increase efficiency and effectiveness, employee sensitisation and training	Cost reduction, climate-resilient business model, industry benchmark, image improvement	Environmental issues, social issues
	ORGANISATION	Corruption and unethical behaviour	Code of Conduct, anti-corruption guideline, capital market compliance, training, GRC Committee	Image improvement, trustful partnerships, competitive advantage	Employee issues, combat corruption and bribery

In addition, we included risks in our assessment process which are not, or only partially, caused by AT&S. These include pandemics, extreme weather events and global warming. We are, however, aware that AT&S, like any other company or individual, also contributes to these phenomena. Moreover, such events may have considerable effects on both AT&S and relevant stakeholder groups and are therefore also deemed to be relevant.

**Deriving fields of action from the strategy process**

As shown *in the illustration on the following page*, four strategic fields of action were derived from the strategy development process: environment & resources, sustainable innovation, employees & society, sustainable supply chain.

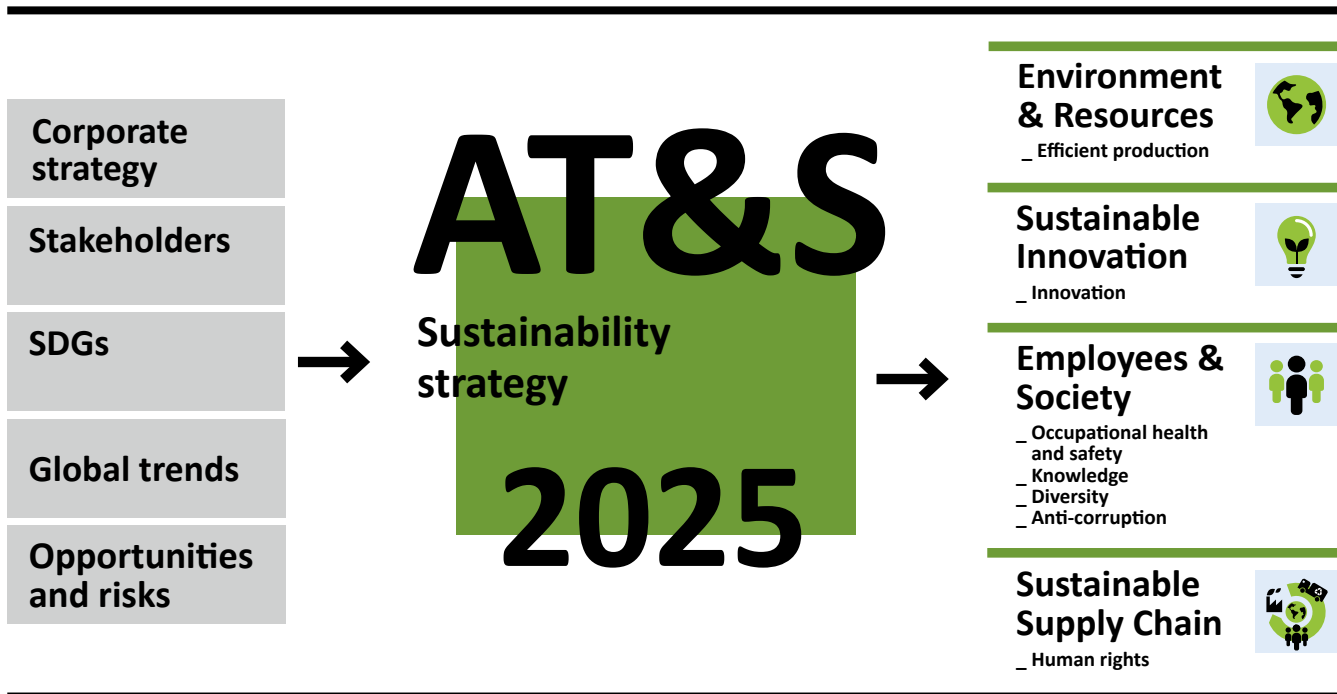
The sustainability strategy underlines the stringent approach of the definition of fields of action, setting clear and ambitious goals and initiating concrete measures to achieve these goals. This is complemented by transparent management and control of the degree of target attainment. The strategy is intended to

make an essential contribution to mitigating the negative impact of AT&S's operating activities on the topics. At the same time, positive aspects should be maximised and opportunities used as best possible. Details regarding the qualitative and quantitative goals, management concepts, due diligence processes and key figures, as well as reference to the SDGs are provided in the following chapters. The report is structured according to strategic fields of action, to which the material topics are assigned as shown *in the illustration below*.

In some areas it is not fully possible to clearly allocate the material topics to the strategic fields of action or chapters. For example, efficient production is possible only partially due to innovative solutions. Since all our measures regarding energy, CO<sub>2</sub>, water and waste are aimed at making production more efficient and counteracting inefficient use of resources, efficient production is part of the chapter Environment & Resources.

These overlaps are even clearer in the strategic fields of action Employees & Society and Sustainable Supply Chain. The material topic human rights, for example, could be allocated to both Employees & Society and to Sustainable Supply Chain. We chose to allocate human rights to the Supply Chain because the risk of human rights violations within the AT&S system boundaries is relatively low in comparison with the supply chain. This is attributable to the direct controllability within the company and the well-established mitigation measures. Therefore, the corresponding control measures, goals and indicators in the area of human rights are allocated to the supply chain. In addition, we report on measures to prevent human rights violations within AT&S in the section Employees & Society.

## Four strategic fields of action and allocated material topics\_



# Environment & Resources

Environment & Resources is a strategic field of action of AT&S, to which the material topic efficient production technologies is allocated. This is consistent with our analysis of the UN Sustainable Development Goals (SDGs). The impact of AT&S's operating activities on the environment and resources, and consequently the effectiveness of the measures taken by AT&S, is the greatest on SDGs 6, SDG 8, SDG 9, SDG 12, and SDG 13.

Sustainability is always associated with an increasing scarcity of resources. While the economy is growing, the aim is to reduce material resource consumption. This can only be achieved with maximum efficiency.

As a producing business with a large number of wet chemical processes, the topics of climate protection and water are also of great importance to us. Details on AT&S's contribution to achieving the above-mentioned SDGs are summarised *in the following table*.

## PRODUCTION EFFICIENCY MINIMISES ENVIRONMENTAL IMPACT AND RESOURCE CONSUMPTION WHILE CREATING MAXIMUM VALUE

AT&S attaches great importance to manufacturing high-end products based on efficient processes and technologies which stand for premium quality and reliability. This comprises minimum energy, material and water consumption and the prevention of emissions and waste while creating maximum value. The environmental impact is kept to a minimum based on a holistic approach. The certification according to the international quality and environmental standards ISO 9001 and ISO 14001 at all production sites is only one example showing that the high quality and environmental awareness is embedded in the Group-wide management systems. In addition to annual recertification audits to maintain these standards, we also possess further industry- and location-specific certifications for the automotive sector (ISO/TS 16949), aviation (AS/EN 9100) and the medical sector (DS/EN 13485).

### SDGs

### The contribution of AT&S in the area of Environment & Resources



Decoupling of economic growth from environmental impact through global efficiency measures, higher productivity, technological development and innovation. The copper recycling project and a number of Lean Six Sigma projects around the world contribute to this goal.



Taking into account a resilient infrastructure and sustainable industrialisation, we see economic development strongly associated with SDG 17 and SDG 13. This aspect is reflected in the energy strategy, which can only be achieved through strong partnerships, higher resource efficiency and eco-friendly technologies.



Stringent sustainability management with respect to environment, waste, chemicals and energy in accordance with ISO 14001 and ISO 50001. This includes efficient use of resources, careful disposal, waste prevention and recycling, and the prevention of emissions into the air, water and soil.

Transparent sustainability reporting on all aspects of sustainability.



Based on the ISO 14001 certification at all locations and our REACH and RoHS compliance, we commit to the prevention of water pollution as well as releasing chemicals and hazardous substances. We achieve maximum efficiency of water consumption in regions where water is scarce through the highest possible water recycling rates.



The AT&S energy strategy and the climate protection measures derived from it are central aspects of the sustainability strategy.

### Our journey to a climate-resilient, low-carbon future

With a focus on the market and megatrends, and taking into account the needs of our stakeholders, AT&S is now taking more drastic climate protection measures as part of our sustainability strategy and the energy strategies derived from it.

Our goal is to cover at least 80% of the Group's energy requirements from renewable energy sources by 2025 and to replace all fossil fuels within our own production sites around the globe (Scope 1 emissions) by 2030. As a result of climate change and the associated global warming as well as growing resource and water scarcity, the demands on the part of customers, politics and society in this context are expected to intensify in the future.



AT&S recognises that this is a very ambitious goal. At the same time it is a categorical imperative if we are to grow profitably in the long term. Building on the existing goal of reducing relative energy consumption by 5% annually, long-term goals are defined for the first time as part of the energy strategy.

The targets and measures we set with respect to energy and CO<sub>2</sub> in the past few years help us achieve this goal. Even though energy efficiency does not directly pay into the achievement of our long-term goal, energy efficiency measures are most useful from both an economic and an ecological perspective and therefore a crucial element of the AT&S energy strategy. Our locations in Austria and India are already certified according to the energy management standard ISO 50001, with the locations in China and South Korea expected to follow in the coming financial year. Energy audits have already been performed at all locations. Appropriate measures were derived from the resulting energy savings potential, and implemented. Optimum

#### Our goal for 2025

80%  
renewable energy

waste heat utilisation, heat recovery from air compressors, variable speed control of motors, the use of heat pumps, regular identification and elimination of compressed air leaks, building insulation and reduction of natural gas consumption for heat and steam generation are only a few examples. Overall, savings of 13.4 GWh or 10.9 kt of CO<sub>2</sub> were thus realised throughout the Group during the financial year 2019/20 compared with 12 GWh or 9.3 kt of CO<sub>2</sub> in the previous year. On a cumulative basis, the energy efficiency measures of the past years have already led to savings of 46.4 GWh.

AT&S attaches great importance to a modern, sustainable infrastructure, with efficient use of resources and increased utilisation of clean, eco-friendly energy. It therefore goes without saying that the results of the energy audits are taken into account

#### Energy savings

13.4 GWh

in the expansion of the plants in South Korea and Chongqing. We thus ensure maximum energy efficiency in the planning phase of new plants.

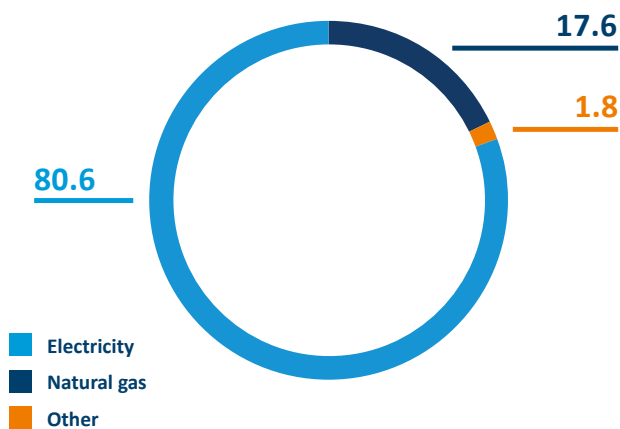
As part of the energy strategy, further levers to accomplish goals are now being added to the energy efficiency measures already taken or planned all over the world. Innovative solutions and resilient partnerships in energy procurement are as important to us as taking completely new paths. Collaboration with internal research and development, engineering and maintenance specialists as well as external stakeholders such as research partners, machine manufacturers and neighbour companies enables us to generate new solutions supporting the implementation of the goals. All measures are evaluated taking into account profitability and feasibility. This is the only way we can achieve technological modernisation and ensure a climate-resilient, low-carbon economy and efficient use of natural resources.

With the AT&S energy strategy we aim to make our contribution to reaching the 2-degree goal and are considering joining the Science Based Targets initiative. In doing so, we would put our goal of decarbonising our production processes to the test and define additional goals if necessary. Until then, we will adhere to our previous key indicators and try to expand them. For example, Scope 3 emissions were added to our reporting for the financial year 2019/20, and transparency was increased in the area of energy sources in order to illustrate the complexity of the climate and energy target for our stakeholders.

CO<sub>2</sub> emissions are reported in accordance with the Greenhouse Gas (GHG) Protocol. Scope 1 emissions refer to all direct emissions; in our case, this comprises the use of natural gas, liquefied gas, diesel and heavy oil. Scope 2 emissions refer to purchased electricity while Scope 3 covers all indirect emissions, which are not directly related to the company. The calculation of Scope 1 emissions is

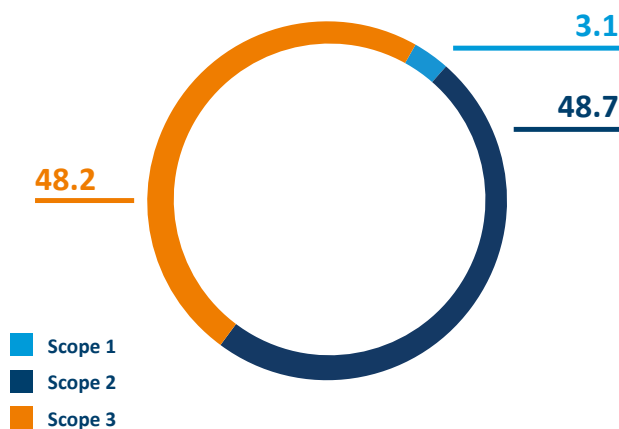
Energy consumption by energy source

in %



Split of carbon footprint by Scope

in %



based on the factors of the Federal Economic Agency. The other CO<sub>2</sub> indicators are based on the conversion factors of the ecoinvent database version 3. All CO<sub>2</sub> figures refer to CO<sub>2</sub> equivalents.

The chart above on the left shows that electricity is AT&S’s main energy source, resulting in a high Scope 2 share of CO<sub>2</sub> emissions at 48.7%. At the same time, Scope 3 emissions, which are reported in greater detail for this financial year, are substantial at 48.2%. The reporting of Scope 3 emissions was significantly improved in the financial year 2019/20. Scope 3 emissions now also cover air travel of AT&S employees, the transport of our products to customers as well as 72.4% of the purchasing volume and consequently the CO<sub>2</sub> emissions of essential materials. Scope 3 emissions are also generated in the production of direct and indirect energy sources, which are now also included in Scope 3 reporting. This also explains the increase in Scope 3 emissions compared to the previous years.

At the same time, this results in a decline in Scope 2 emissions as the conversion factors used also had to be adjusted accordingly.

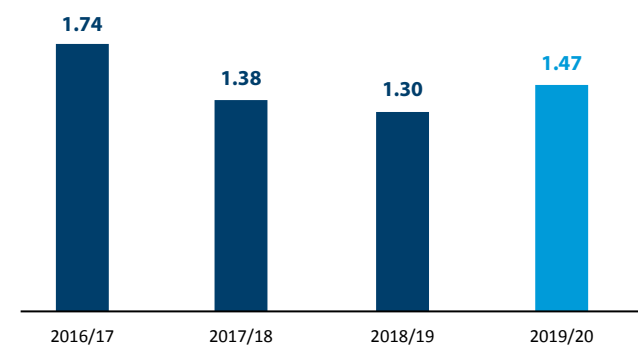
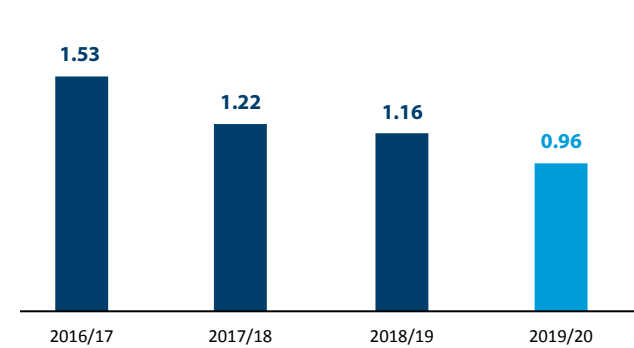
Despite energy savings of 13.4 GWh, we did not manage to reduce relative energy consumption in 2019/20 compared with the previous year. Rather, we recorded an increase of 12.4%, which is primarily attributable to the AT&S growth strategy and the related technology developments. The expansion and qualification of production lines as well as the development of new technologies require resources, without directly generating added value. In addition, the financial year 2019/20 saw a challenging market environment and the COVID-19-pandemic. However, based on the planned extensive measures as part of the energy and climate strategy we are confident that these are only temporary effects.

Energy consumption

	Absolute energy consumption (in GWh)			Relative energy consumption (in kWh per € GVA)		
	2019/20	2018/19	Change in %	2019/20	2018/19	Change in %
Mobile Devices & Substrates segment	518.2	500.2	3.6	1.68	1.53	10.0
Automotive, Industrial, Medical segment & Others	146.5	147.3	(0.6)	1.02	0.87	16.1
<b>Total Group</b>	<b>664.6</b>	<b>647.5</b>	<b>2.6</b>	<b>1.47</b>	<b>1.30</b>	<b>12.4</b>
thereof attributable to parent company	70.0	71.1	(1.6)	0.69	0.62	11.0

**Relative energy consumption**

in kWh per € GVA

**Relative carbon footprint (Scope 1 + 2)**in kg CO<sub>2</sub> per € GVA**Carbon footprint (Scope 1 + 2)**

	Absolute carbon footprint (Scope 1 + 2) (in kt CO <sub>2</sub> )			Relative carbon footprint (Scope 1 + 2) (in kg CO <sub>2</sub> per € GVA)		
	2019/20	2018/19	Change in %	2019/20	2018/19	Change in %
Mobile Devices & Substrates segment	346.5	462.7	(25.1)	1.12	1.41	(20.5)
Automotive, Industrial, Medical segment & Others	86.8	111.9	(22.4)	0.60	0.66	(9.4)
<b>Total Group</b>	<b>433.3</b>	<b>574.6</b>	<b>(24.6)</b>	<b>0.96</b>	<b>1.16</b>	<b>(17.4)</b>
thereof attributable to parent company	17.6	20.9	(15.5)	0.17	0.18	(4.7)

**Carbon footprint (Scope 3)**

	Absolute carbon footprint (Scope 3) (in kt CO <sub>2</sub> )*			Relative carbon footprint (Scope 3) (in kg CO <sub>2</sub> per € GVA)*		
	2019/20	2018/19	Change in %	2019/20	2018/19	Change in %
Mobile Devices & Substrates segment	309.8	5.3	>100	1.00	0.02	>100
Automotive, Industrial, Medical segment & Others	92.6	5.8	>100	0.64	0.03	>100
<b>Total Group</b>	<b>402.4</b>	<b>11.1</b>	<b>&gt;100</b>	<b>0.89</b>	<b>0.02</b>	<b>&gt;100</b>
thereof attributable to parent company	32.1	0.6	>100	0.32	0.01	>100

\* The strong increase results from the inclusion of the following categories in addition to the transportation of products to customers as of the financial year 2019/20: purchased goods and services, fuel- and energy-related activities (not included in Scope 1 or 2) and business travel.

Accordingly, energy expenses also increased by roughly € 2 million as explained in the consolidated statement of profit or loss in the notes to the consolidated financial statements.

The reduction of the relative carbon footprint (Scope 1 + 2) by 17.4% year-on-year is primarily attributable to the removal of fuel and energy-related Scope 3 emissions as of the financial year 2019/20. Without the change in factors, the relative carbon footprint would also increase by 3.6% in comparison to the previous year.

The relative indicators refer to the gross value added (GVA), which is calculated based on EBIT plus depreciation/amortisation and wage and salary expenses.

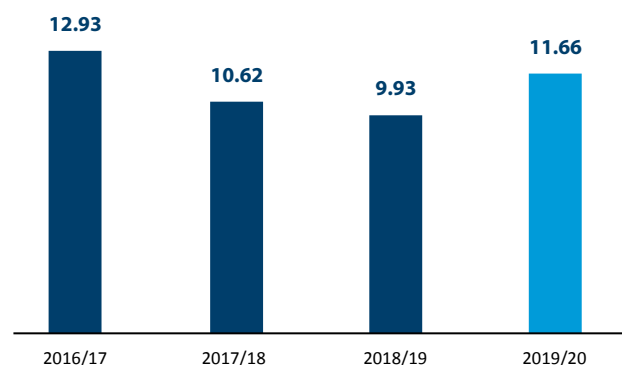
### Reduction of water consumption and waste as further central elements of the sustainability strategy

As part of its sustainability efforts, AT&S not only strives to make a significant contribution to climate protection, but also pursues the efficient use, sustainable withdrawal and provision of water, as well as the prevention and recycling of waste.

The production of printed circuit boards and IC substrates requires a large number of wet chemical and water-intensive processes. Due to exothermal chemical production processes, water is also used to cool machinery. In addition to cooling water, deionised and ultra-pure water is produced, which is used as process water in production. Wastewater is treated in a chemical-physical wastewater system or fed through purification or biofilter facilities and cooling towers. This way we reduce potential environmental impacts at all locations to a minimum.

### Relative water consumption

in litres per € GVA



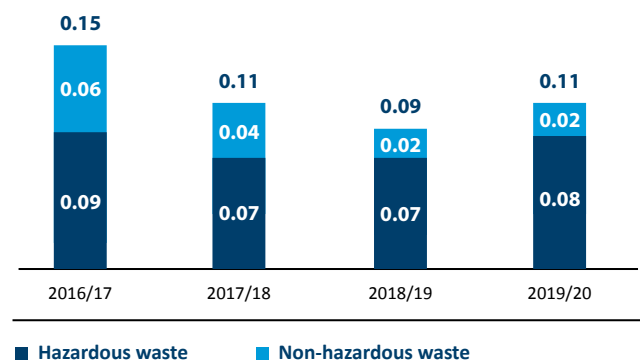
We are aware that a conflict of objectives exists between the energy targets and the reduction of water consumption. Therefore, we will focus on developing a water strategy which is consistent with the energy strategy in the financial year 2020/21. In the course of the strategy development, we will also define long-term goals in the area of water. Until then, we will adhere to the existing target of a 3% reduction of water consumption in comparison to the target of the previous year. In any case, it is obvious to us that the water recycling rate at production sites located in high-risk areas according to the Aqueduct Water Risk Tool must be increased continuously. This will affect above all our locations in Shanghai and Nanjangud. Here, AT&S can also build on extensive measures of the past few years. The water recycling rates at these locations already amount to up to 25% and 80%, respectively. Nonetheless, water consumption increased in relation to gross value added in the financial year 2019/20, up 17.4% to 11.66 litres per € of gross value added. This means that the

### Water consumption

	Absolute water consumption (in m <sup>3</sup> million)			Relative water consumption (in litres per € GVA)		
	2019/20	2018/19	Change in %	2019/20	2018/19	Change in %
Mobile Devices & Substrates segment	4.70	4.28	9.8	15.22	13.06	16.6
Automotive, Industrial, Medical segment & Others	0.58	0.65	(10.2)	4.03	3.84	4.9
<b>Total Group</b>	<b>5.28</b>	<b>4.93</b>	<b>7.2</b>	<b>11.66</b>	<b>9.93</b>	<b>17.4</b>
thereof attributable to parent company	0.18	0.30	(39.7)	1.80	2.65	(31.9)

### Relative waste amount

in kg per € GVA



3% reduction target was not met in the financial year 2019/20. Similar to the increase in relative energy consumption, this is also attributable to our growth strategy, the technology development and the market environment.

The reduction of the quantity of waste, in particular hazardous waste, is another central element of the sustainability strategy and contributes significantly to achieving SDG 12, sustainable consumption and production, and indirectly to SDG 6 by preventing emissions and reducing wastewater.

In the financial year 2019/20, the quantity of relative total waste increased by 15.2% after declining continuously in the previous years. In particular, the share of hazardous waste rose. This is addressed by the copper recycling project initiated in the last financial year.

Copper is an indispensable raw material in the production of printed circuit boards, which, at 4,066 tonnes, accounts for the largest share of production materials used.

Copper-containing material flows are incurred in the production of the conductive pattern. A large part of them is fed to the company's internal wastewater treatment plants. Before disposing of the copper-containing sludge created in this process, a wide variety of chemicals are used to treat the waste.

The goal of the current copper recycling project is to make the production of AT&S printed circuit boards as resource-friendly as possible while preventing waste as much as possible. The aim is to move from a linear usage of copper throughout the process to a cycle of reuse of copper, preventing waste and increasing raw material efficiency.

As part of the project, detailed analyses were conducted to evaluate possibilities to manage the flows of recyclable materials more efficiently. The focus was put on hazardous waste and acids. In addition to enhancing raw material efficiency by recovering copper-containing acids from production processes, the project also leads to a reduction of the chemicals used and the waste produced, which is largely classified as hazardous waste.

We are confident that we can scale these measures and systems in such a way in the future that the amounts of copper sludge produced at the sites in Hinterberg and Nanjangud correspond in the future. Subsequently, the concept will be rolled out to the other locations.

### Waste amount

	Absolute waste amount (in kt)			Relative waste amount (in kg per € GVA)		
	2019/20	2018/19	Change in %	2019/20	2018/19	Change in %
Mobile Devices & Substrates segment	31.6	29.5	7.1	0.10	0.09	13.7
Automotive, Industrial, Medical segment & Others	16.2	16.0	1.6	0.11	0.09	18.6
<b>Total Group</b>	<b>47.8</b>	<b>45.5</b>	<b>5.1</b>	<b>0.11</b>	<b>0.09</b>	<b>15.2</b>
thereof attributable to parent company	5.7	5.7	1.1	0.06	0.05	14.1

## Essential materials for the production of our products

Efficient production can be seen from material usage. Overall, we recorded an increase in the purchasing volume of copper, laminates and chemicals in the financial year 2019/20, while that of gold and palladium was down on the previous year. The purchasing volumes of gold and palladium decreased above all

at the production site in Shanghai, by 7.1% and 10.4%, respectively, the main reasons being lower production volumes and a change in product mix. The increase in the volume of copper, laminates and chemicals purchased is attributable to stocking up the inventories during the COVID-19-pandemic. This ensured that production could proceed smoothly.

### Purchase of significant materials

Total Group

	Unit	2019/20	2018/19	Change in %
Gold	kg	508	547	(7.1)
Palladium	kg	154	171	(10.4)
Copper	t	4,066	3,764	8.0
Laminate	million m <sup>2</sup>	13.8	12.8	8.0
Chemicals	thousand t	147.1	138.0	6.6

### Purchase of significant materials

attributable to parent company

	Unit	2019/20	2018/19	Change in %
Gold	kg	99	117	(15.2)
Palladium	kg	0	0	n.a.
Copper	t	396	367	7.9
Laminate	million m <sup>2</sup>	1.3	1.3	(5.2)
Chemicals	thousand t	9.5	9.4	1.2

### Classification of chemicals purchased

in %

		2019/20*	2018/19*	Change in %
Explosive	GHS01	–	–	n.a.
Flammable	GHS02	0.22	0.21	3.2
Oxidising	GHS03	2.83	2.88	(1.8)
Compressed gas	GHS04	1.78	1.86	(4.2)
Corrosive	GHS05	79.11	79.33	(0.3)
Toxic	GHS06	0.61	0.66	(7.7)
Irritant	GHS07	32.02	32.75	(2.2)
Health hazard	GHS08	4.59	4.57	0.5
Environmental hazard	GHS09	2.07	2.07	0.1
Non-hazardous	–	12.18	11.28	8.0

\* Since one chemical can be included in several hazardous substance categories, the total of all categories is greater than 100%.

We permanently strive to reduce the environmental impact of AT&S's business activities to a minimum and to continuously improve our reporting in order to both offer our stakeholders more transparency and to enable better control. Compliance with EU Regulation 1907/2006, better known as the REACH Regulation, for all our products is a matter of course for us. (REACH stands for registration, evaluation, authorisation and restriction of chemicals and has been in force since 2007.) The same applies to the EU's RoHS Directive, which governs the use of hazardous substances in electrical and electronic equipment.

In the financial year 2019/20, we are reporting the GHS classification for purchased chemicals for the first time. GHS stands for Globally Harmonised System and refers to a standardised classification and labelling of hazardous substances. This globally harmonised classification defines the danger of chemical products and comprises health and safety advice in handling them.

The additional reporting of the GHS classification shows that the total quantity of purchased chemicals increased by 6.6% year-on-year, but the share of non-hazardous chemicals was 8% higher than in the previous year, while toxic chemicals were reduced by 7.7%.

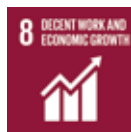
## Sustainable Innovation

Industrialising leading-edge technologies is our mission. Only with a strong team that stands for our innovative strength will this be possible. This is why our research and development departments and our engineering teams account for 11.4% of our total staff.

In the course of defining the strategic fields of action and assessing the impact of AT&S's operations on non-financial issues and the UN Sustainable Development Goals (SDGs), there were substantial overlaps with the area of Environment & Resources. This is due to the fact that many projects and programmes to achieve our climate and energy goals, waste reduction, resource efficiency or material recycling require innovative approaches in addition to efficiency and effectiveness. Nonetheless it is important to us to focus on the topic of innovation as a separate strategic field of action – not only because innovation is highly

### SDGs

### The contribution of AT&S in the area of Sustainable Innovation



Our research and development departments and our engineering teams make a significant contribution to the decoupling of economic growth from environmental impact through global efficiency measures, higher productivity, technological development and innovation. One major contribution comes from the planned life cycle assessment project.



Our research and development departments and our engineering teams make a significant contribution to the decoupling of economic growth from environmental impact through global efficiency measures, higher productivity, technological development and innovation.



Certain approaches to waste prevention and recycling require innovative solutions.



Innovative solutions can also play an important role in the course of developing a water strategy.



The AT&S energy strategy and the climate protection measures derived from it are central aspects of the sustainability strategy. New, innovative solutions can leverage the achievement of the climate and energy target.



Global partnerships with universities, NGOs and agencies, as well as an active exchange of expert knowledge and know-how are integral parts of expanding sustainable development.

relevant according to our materiality matrix from a company perspective and from the perspective of our stakeholders, but also because it is indispensable to embed sustainability in the innovation strategy and all research and development processes. In addition, SDG 17 plays an important part in innovation because especially in the area of research and development strong partnerships and joint development projects with customers as well as research institutions and suppliers are essential for successful project execution and the industrialisation of new ideas.

## SUSTAINABILITY IS ALREADY FIRMLY EMBEDDED IN THE R&D PROCESSES

In order to do business responsibly in the interests of future generations, it is necessary to consider sustainability aspects in the innovation strategy and in the processes. The AT&S innovation process ensures that only leading-edge technologies reach the industrialisation phase. When evaluating projects, non-financial criteria are assessed along with market and strategy. For example, process efficiency, energy and resource consumption as well as positive effects on health and safety at work have the same weighting in the assessment.

The innovation revenue rate (IRR) is an indicator of our innovative strength. It reflects the proportion of total revenue that AT&S generates with product groups that have been on the market for less than three years. In order to further expand our technology leadership, AT&S has defined the clear goal of achieving an annual IRR of at least 20%. In the financial year 2019/20, this target was once again exceeded by far with an IRR of 30.8%.

### Innovation revenue rate

30.8%  
(previous year: 35.3%)

The costs of research and development projects total € 94.8 million in the financial year 2019/20. This corresponds to a research rate of 9.5%.

### Research rate (relative to revenue)

9.5%  
(previous year: 7.4%)

### Number of patents

326  
(previous year: 279)

The number of patents granted amounts to 326 at the end of the financial year 2019/20, while we recorded 61 new applications. The section "Research and Development" of the Management Report provides further details on due diligence processes, innovation revenue rate and patents including year-on-year comparisons.

## OUR INNOVATION AWARD BOOSTS INNOVATIVE STRENGTH AND SUSTAINABILITY

To continuously drive effectiveness and efficiency and to generate innovative ideas, products and technologies with minimal development times and a rapid market launch, we give centre stage to the best and brightest minds at AT&S. We call on all resourceful and motivated employees from all areas across the globe to submit projects in the course of the annual Innovation Awards. This not only promotes knowledge transfer, team spirit and motivation, but also offers an opportunity across departments and locations to actively participate in the innovation process. The Innovation Award has been presented since 2015.

The evaluation criteria for the Innovation Award are based on the innovation process and also include economic, social and ecological aspects. In the financial year 2019/20, 23 projects were submitted for the Innovation Award: 19 technical projects and 4 administrative projects. All of the 8 finalist projects scored above average in the three clustered assessment criteria quality, environment, health, safety, values and people. Four even scored higher than three in all three sustainability categories and thus above average. This is, from our perspective, another



er indication of the growing importance of environmental and social responsibility, which permeates the entire organisation. Moreover, a sustainability award was presented for the most sustainable project in the financial year 2019/20. This underlines the importance of sustainability for AT&S and contributes to raising awareness among the workforce. An expert jury rates the projects submitted and chooses the winners from the project teams, many of which work together across locations.

One of the winning projects of the Innovation Award 2019/20 is the “virtual printed circuit board”. The project successfully developed a virtual, simulation-based tool set which contributes to accelerating product development and increasing the reliability of our products, thus minimising risk. At the same time, any simulation means a reduction in resources used and higher security for the end customer. This project would therefore also be a candidate for the Sustainability Award, which, however, went to a project team from Fehring this year. They developed an inexpensive and efficient solution to prevent waste of resources caused by the carryover of chemicals and valuable materials such as gold in wet processes. In addition, the process was realised maintaining maximum energy efficiency.

## WE SET THE COURSE TOWARDS LIFE CYCLE ASSESSMENT

During the financial year 2019/20 we started to increasingly address the carbon footprint of our materials. This is shown by our Scope 3 emissions, which are reported for the first time in depth in the section Environment & Resources in the financial year 2019/20.

A research and development project is planned for the financial year 2020/21 in cooperation with external partners. The goal is a realistic introduction of a life cycle assessment at the process, technology or even product group level.

## DIGITAL TRANSFORMATION IS GAINING FURTHER MOMENTUM

The Digital Transformation Programme (DTP) continued to gain momentum in the financial year 2019/20 with the support of the Fraunhofer Institute Austria. After a detailed analysis of the content, another field of action was added. The DTP consequently comprises six fields of action now: management and organisation development, employee development, Industry 4.0 technology, data use and automation of production and administrative processes. Internal experts have been defined as “Digital Leaders” for these fields of action; they are responsible for and will drive the respective fields of action.

The number of projects submitted to the AT&S Innovation Award is also a good indicator of the topicality and importance of digitalisation. Once again, we recorded an increase in submissions which have digitalisation character in the financial year 2019/20. 39% of the projects submitted support digital transformation, compared with 26% in the previous year.

## DIGITALISATION AND DATA SECURITY ARE NO CONTRADICTION

Data protection is gaining increasing importance in a digital world. To protect our intangible assets and information of our key stakeholder groups, we continue to consistently pursue the path of ISO 27001 certification of our Information Security Management System. After the successful certification of our headquarters, the two plants in Austria and the branch offices in Europe across all company processes, the locations outside Europe will now follow. This certification is driven by our Information Security Organisation and brings clearly noticeable improvements in our employees’ handling of confidential data.

# Employees & Society

The strategic field of activity Employees & Society covers all measures related to our social responsibility. The material topics anti-corruption, diversity, health and safety and knowledge are allocated to this segment, and the focus here is on SDG 8, SDG 4, SDG 6, SDG 10, SDG 16 and SDG 17. In this context, SDG 8 must be viewed with a clear focus on respecting human rights, our responsibility as an employer and, consequently, our strict rejection of any form of child and forced labour. As previously stated, respect for human rights, as a material topic including management approach, due diligence process and key indicators, is allocated to the Sustainable Supply Chain and is addressed in that chapter. Nevertheless, we must also underline the importance of complying with social standards and respecting human rights as a basis for SDG 8 and decent work when it comes to our responsibility as an employer. All of this goes hand in hand with SDG 16 and our zero-tolerance policy towards any form of corruption. Details on our contributions to the relevant SDGs are provided in [the following table](#).

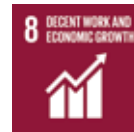
## THE AT&S CODE OF CONDUCT AS A FOUNDATION FOR DECENT WORK

All our principles with respect to business ethics, working conditions, health and safety as well as environmental topics directly and indirectly related to people and society are governed by our Code of Conduct. This code is based on the Responsible Business Alliance (RBA) and is applicable to all activities of AT&S around the globe. These ethical principles and compliance with all laws form the basis of our trustworthiness and credibility as well as for long-term partnerships and sustainable success.

Any form of misconduct, whether it is abuse of human rights, suspected corruption, inadequate working conditions or other violations of our Code Of Conduct on the part of AT&S stakeholders, can and should be reported via the AT&S “We Care” whistleblowing platform. Internal Audit is responsible for processing such reports confidentially. In the financial year 2019/20 five reports were filed,

SDGs

The contribution of AT&S in the area Employees & Society



AT&S is committed to respecting human rights and does not tolerate any form of child or forced labour. We also protect the rights of our employees through adequate working conditions, remuneration and working times, stable employment relationships and the freedom of association. For AT&S, decent work also includes high health and safety standards for our employees which we provide based on ISO 45001 and OHSAS 18001 certifications at all production sites. All of this is specified in our globally valid Code of Conduct.



AT&S is a responsible employer for roughly 10,000 employees, providing appropriate technical and professional qualification for all. It goes without saying that we do not tolerate any discrimination with respect to the training offered. Moreover, we continuously work on raising awareness of the importance of all sustainability dimensions.



It goes without saying that AT&S provides all employees worldwide with drinking water and clean sanitary facilities. In addition, we also support water supply projects in the neighbourhood of our plant in Nanjangud, India.



AT&S stands for economic inclusion, equal opportunities, anti-discrimination regardless of gender, skin colour, ethnicity and national origin, religion, age, sexual orientation, gender identity, pregnancy, political affiliation, trade union affiliation, marital status, type of personality, language skills, physical and mental abilities, education level, socio-economic background, former military affiliation, intercultural skills and perspective or learning differences.



AT&S commits to complying with the Austrian Code of Corporate Governance, thus ensuring a high level of transparency. Based on our Code of Conduct we reject any form of bribery or corruption and do not tolerate any form of violence, abuse or taking advantage of children. AT&S has established a whistleblowing platform for all of these cases.



AT&S maintains global partnerships with universities, NGOs and agencies in order to expand sustainable development.

all of them anonymously. Four of these reports required detailed investigations, but no further measures had to be initiated.

AT&S defends the rights to freedom of opinion and association as well as fair payment as a matter of principle, and, as a responsible employer, ensures compliance with the statutory working times.

At the end of the financial year 2019/20, AT&S employed 10,511 people; 2.3% of them are contract workers. AT&S strives to continuously lower the share of contract workers as we aim to be a stable and responsible employer. Compared with the previous year, we reduced the share of contract workers by another 42%.

The attrition rate was further decreased from 20.4% in the previous year to 15.3% – despite the fact that the attrition rate is generally higher at the Chinese locations, which is typical of the Chinese labour market. The attrition rate is an indicator of the satisfaction and motivation of our employees. Therefore, we conduct standardised employee surveys at the Chinese sites every year in order to keep the attrition rate to a minimum.

We remunerate our employees at market conditions and in accordance with the applicable laws, in Austria at least according to the collective agreement. The ratio of personnel costs to revenue was 25.2% in the financial year 2019/20, up 9.1% on the previous year. Details are provided in the explanations regarding the consolidated statement of profit or loss in the notes to the consolidated financial statements. In addition, our Group-wide bonus system governs performance-based remuneration, which depends on the economic performance (EBIT; ROCE), innovative strength (IRR) and the personal performance of employees.

## ZERO TOLERANCE OF CORRUPTION

AT&S pursues a zero tolerance policy towards any form of corruption. In order to meet the highest standards for our stakeholders at any time, in both technical and business terms, the Group's Anti-corruption Guideline entered into force in 2016. This guideline sets the standards for appropriate business practices and is valid for AT&S executives, representatives and employees. To raise awareness among everyone, the content of the guideline is conveyed to all employees through various communication channels. Following a risk-based approach, employees who have to undergo special anti-corruption training due to their position and activity are selected. 697 people received training during the financial year 2019/20, and took a final test to ensure that the content conveyed had been understood. This corresponds to an increase of 58% over the previous year.

Our Capital Market Compliance Guideline aims to prevent the abuse of compliance-relevant inside information in accordance with the applicable laws and the ACCG. This guideline is applicable to all AT&S employees and corporate bodies including the Supervisory Board. Capital market compliance training was converted to the new Learning Management System in the past financial year, which enables more comprehensive training including a final test. Of 225 persons pertaining to an area of confidentiality, 85% completed the training successfully in the financial year 2019/20. The training rate reported in the previous year was 100%.

### Headcount (at year-end)

number of people

		2019/20			2018/19		
		Male	Female	Total	Male	Female	Total
Category	White collar	2,236	741	2,977	1,941	684	2,625
	Blue collar	4,692	2,842	7,534	4,493	2,707	7,200
Region	Europe & USA	927	653	1,580	912	667	1,579
	Asia	6,001	2,930	8,931	5,522	2,724	8,246
Segment	Mobile Devices & Substrates	4,542	2,759	7,301	4,069	2,543	6,612
	Automotive, Industrial, Medical	2,236	717	2,953	2,230	751	2,981
	Others	150	107	257	135	97	232
Type of employment*	Full-time	6,891	3,384	10,275	6,387	3,187	9,574
	Part-time	29	173	202	39	184	223
<b>Total Group</b>		<b>6,928</b>	<b>3,583</b>	<b>10,511</b>	<b>6,434</b>	<b>3,391</b>	<b>9,825</b>
thereof attributable to parent company		898	630	1,528	884	647	1,531

\* Excl. inactive employees, e.g. parental or educational leave

## DIVERSITY – OR THE VALUE OF UNIQUENESS AND HOW WE PROMOTE IT

As a globally operating company, people of different ages, ethnic or national origins, physical and psychological abilities, sexual orientations, cultural and religious affiliations, political beliefs, marital status and education levels constantly meet at AT&S and provide for a diverse mix. We consider this diversity an enrichment for any team and organisation. It stimulates collaboration through different perspectives and should be taken as an opportunity for development. Numerous studies have shown that diversity has a positive impact on profitability and growth rates, increasing innovative strength, creativity and problem-solving skills. This leads to higher motivation among employees, causing attrition rates to decline and increasingly addressing talents.

### Ambitious diversity goals

In its diversity strategy, AT&S focuses on four areas: gender, culture & ethnicity, age & generations, and skills. On this basis, we aim to position ourselves as a diverse and inclusive employer that values the uniqueness of every single employee, promoting them as best possible. This is supported by the AT&S Code of Conduct,

which applies throughout the Group and rejects any form of discrimination. This commitment to diversity is now also found on our career page.

Our goal is to be an attractive employer for women, for people of any age, for people of different cultural, national or ethnical background as well as for people with disabilities. In a first step, we set the quantitative goal of achieving a total share of female employees of 45% by 2025. We aim to increase the share of women with management responsibility to 30%. To achieve this goal, we have taken a variety of measures, above all in recruitment and personnel development, which will be implemented starting in the financial year 2020/21.

At the end of the financial year 2019/20, the share of women at AT&S amounted to 34.1%, a slight decrease of 0.4 percentage points compared to the previous year. On the first management level, i.e., managers reporting directly to the Management Board of the AT&S Group, the share of women more than doubled from 5% in the previous year to 13.6%. AT&S employed people of 55 different nationalities at the end of the financial year. The average length of service, at 6.4 years,

### Diversity of employees (at year-end)

in %, total Group

		2019/20		2018/19	
		White collar	Blue collar	White collar	Blue collar
Gender	Female	24.9	37.7	26.1	37.6
	Male	75.1	62.3	73.9	62.4
Age group	<30 years	26.1	43.7	25.0	48.1
	30–50 years	64.9	51.7	67.0	47.8
	>50 years	9.0	4.6	8.0	4.1

### Diversity of employees (at year-end)

in %, parent company

		2019/20		2018/19	
		White collar	Blue collar	White collar	Blue collar
Gender	Female	34.6	46.7	34.9	47.5
	Male	65.4	53.3	65.1	52.5
Age group	<30 years	20.5	26.9	20.0	29.3
	30–50 years	54.2	42.6	59.3	44.0
	>50 years	25.3	30.5	20.8	26.7

hardly changed in comparison with the previous year, while the average age within the Group increased again slightly to 33.6 years. In the previous year, average company affiliation was also 6.4 years while the average age was 32.7 years. This year the age spread between the youngest and the oldest employees is 56 years. As of 31 March 2020 we employed 49 people with a disability worldwide, 80% of them at the Austrian locations. In the previous year we employed 48 persons with a disability, 81% of them in Austria.

### **The good news: many measures have already been implemented**

Diversity and social sustainability require interacting with all people as equals, regardless of gender, origin, religion, physical or mental disability. AT&S strives to overcome barriers of any kind. However, barriers go beyond physical constraints and restricted mobility, and often begin with language, for example. Like language, different cultural characteristics can also represent a barrier between people. Therefore it is in AT&S's interest to launch initiatives which counter such barriers. Consequently, we offer intercultural training and language courses aiming to convey different values, cultures and behaviour patterns of different countries to our employees. We currently offer language courses in German, English and Mandarin.

As an inclusive, diverse employer, AT&S is open to gender equality. For example, we reacted to a ruling of the Austrian Constitutional Court of 15 June 2018, which grants intersexual persons a right to an adequate designation in the register of persons and is based on Article 8 of the European Human Rights Convention. Consequently, AT&S advertises job vacancies in Europe in such a way that we address all genders using m/f/d. As mentioned before, the career page on our website includes a clear statement in accordance with our Code of Conduct and the Responsible Business Alliance (RBA) expressing that we value and promote diversity in all areas of the company.

The coordination of different areas of life such as work, spare time and family poses a challenge for many people. As a responsible employer, AT&S strives to support the compatibility of job and

family. This increases motivation while reducing attrition. AT&S therefore offers more than 100 different working time models. A child care facility was set up at the production site in India. But employees also face plenty of requirements and challenges in their everyday work. To enable them to overcome stress situations successfully and react competently in tense situations, AT&S offers courses and seminars on dealing with challenging situations.

### **Equality does not stop at our governing bodies**

Equality, non-discrimination and the promotion of women are core topics of diversity and fundamental framework conditions for a future-oriented employer, which also comprises the governing bodies of AT&S such as the Supervisory Board and the Management Board.

Therefore, we pursue the following targets when filling Supervisory Board mandates: At least 30% women and 30% men should be represented. The age spread of the Supervisory Board members should exceed 25 years and experience in international companies is mandatory. The expertise of the members should comprise at least technology/research, electronics/semiconductor industry, law, company and human resource management as well as sustainable management. With these targets, AT&S meets the requirement of Section 7 para. 86 of the Austrian Stock Corporation Act (AktG). The share of women in the Supervisory Board was raised from 16.7% to 25% with the election of Gertrude Tumpel-Gugerell. As in the previous year, one of the three Management Board positions is held by a woman. Regardless of job advertisement and position, vacancies are filled on the basis of best qualifications; all qualifications being equal, preference will be given to the underrepresented gender in the specific case. For further information regarding age and gender of the governing bodies, please refer to the Corporate Governance Report.

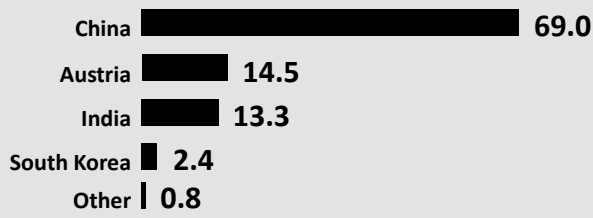
**Employees total\_**  
Absolute

**10,511**

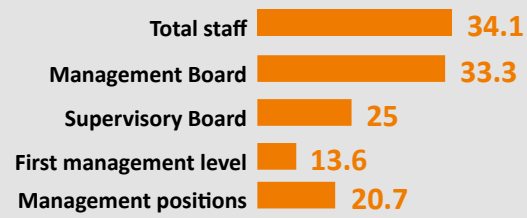
**Number of female employees\_**  
Absolute

**3,583** 

Proportionally represented in the following countries in %



Proportionally represented in in %



**Number of nationalities\_**  
Absolute

**55**



**Average age\_**  
of all employees in years

**34**



**Average age\_**  
by country in years



**32**  
China



**41**  
Austria



**32**  
India



**37**  
South Korea

## TECHNOLOGY LEADERSHIP IS ONLY POSSIBLE WITH KNOWLEDGE AND EXCELLENTLY TRAINED EMPLOYEES

As a result of the company's continuous development and strategic orientation, the complexity of activities and the demands placed on our employees also increase. To this end, we offer extensive professional, technical and personal development opportunities. We consider learning a lifelong process, which AT&S supports based on target group and competence-oriented training and development.

AT&S's open communication and feedback culture promotes dialogue with employees. The annual appraisal and development interviews are a key instrument in personnel development facilitating both individual development planning and the support of the communication and feedback culture. Our corporate values – open-mindedness, commitment and responsibility – serve as a platform for reflection in these interviews. They represent an important contribution to the promotion of individuals and personal development within the company. Appraisal interviews were conducted with 97% of the salaried employees in the financial year 2019/20. The completion rate of the development interviews, which take place in autumn, was 89%. The fulfilment rates were therefore at a similarly high level as in the previous year. The development needs determined have a direct influence on the preparation of the training offered.

The training offer is extensive, multi-faceted and tailored to the needs of the respective sites. In addition to numerous in-house training sessions held by our experts and workplace training, we also invested € 1.86 million in external training and development measures. These costs fall under the expense type "Other" in the consolidated statement of profit or loss in the notes to the consolidated financial statements.

In addition to local training requirements, there is also a growing need for global training for employees, parts of which are mandatory. In order to ensure this, AT&S uses a learning management system, which allows allocating content, recording progress and generating reports along with other advantages. In Europe, the entire and very comprehensive training catalogues can now be accessed via the Learning Management System, and training can be directly booked there. For global training, AT&S uses different forms of e-learning to keep up with the times in this area, too.

Along with employee development, AT&S also focuses on promoting young professionals in different areas including apprentice training in chemistry, physics, IT, mechatronics with a focus on manufacturing or automation technology, process technology, industrial business management and office administration. At the end of the financial year 2019/20, AT&S employed 41 apprentices, 40 in Austria and one in Germany. 6 apprentices successfully completed their apprentice training in the past financial year, while the final exam for another 5 apprentices had to be postponed to the financial year 2020/21 as a result of the measures taken by the Austrian Federal Government due to the COVID-19 pandemic. 13 new apprentices started their training.

Motivated people who already have professional experience or have completed science and technology studies at university have the opportunity at AT&S to gain international experience. As part of our International Trainee Program we continuously look for international talents for sales or technical positions. The trainee programme comprises 12-month vocational training in Austria followed by a 3-year international assignment to one of the AT&S production sites in China or India or one of our sales locations.

### Expenditures on external training in thousand €

	2019/20	2018/19	Change in %
Mobile Devices & Substrates segment	997	639	56.1
Automotive, Industrial, Medical segment	393	408	(3.7)
Others	471	364	29.7
<b>Total Group</b>	<b>1,861</b>	<b>1,410</b>	<b>32.0</b>
thereof attributable to parent company	821	724	13.3

## THE HEALTH AND SAFETY OF OUR EMPLOYEES IS OUR FIRST PRIORITY

Only employees who are in good health and feel good at their workplace can do their job productively and to the best of their abilities. Satisfaction and well-being help employees to optimally unfold their capabilities, thus creating added value for the company. AT&S strives to promote employees' health and to prevent potential risks and hazards. In addition to preventive measures based on targeted training, AT&S meets the requirements of the RBA with respect to occupational health and safety. High safety standards which are certified in accordance with ISO 45001 or OHSAS 18001 apply at all sites. Management systems and due diligence processes such as continuous workplace inspections and evaluations are part of these certifications. If necessary, regulation measures are initiated.

As a result of the COVID-19 pandemic, the last quarter of the financial year 2019/20 was particularly challenging for our EHS teams, which did an outstanding job. All efforts were directed at maintaining operations at our locations or to restart as soon as possible, thus being a safe employer for roughly 10,000 employees. Top priority was always attached to our employees' safety. Therefore, all employees whose presence is indispensable at the site were equipped with protective masks and strict safety measures were taken.

Our two Chinese locations in Shanghai and Chongqing were initially affected. AT&S was one of the first companies allowed to reopen its plants after the lockdown imposed by the government. This was based on the fact that, according to the existing provisions of the emergency plan and crisis management, a task force was set up immediately. The main task of these teams included the monitoring and evaluation of information, analysis of guidelines, inventory and supply chain management, communication with customers and safety in production. Professionalism, team spirit, strict safety precautions and meeting all official requirements enabled us to resume production quickly. Mandatory protective masks, temperature measurements before entering the company premises, strict distancing rules at the workplace as well as separation walls and special procedures in the canteens are some of the measures taken to mitigate the risk of infection.

Later, we benefited from our experience at the Chinese sites in Europe and India. Where possible, employees at the European sites can increasingly work from home to reduce personal contact and minimize a potential transmission of the virus. AT&S provides the required equipment and technical support, which initially also posed challenges for our IT departments. In addition, we also provided all employees of the Austrian locations with protective masks for private use.

### Occupational safety

	Ratio of accidents (with ≥1 lost working day per 1 million working hours)			Ratio of average monthly lost working days (per 1,000 FTE)		
	2019/20	2018/19	Change	2019/20	2018/19	Change
Mobile Devices & Substrates segment	2.1	2.8	(0.6)	7.0	13.0	(6.0)
Automotive, Industrial, Medical segment & Others	3.2	4.0	(0.7)	4.3	7.0	(2.7)
<b>Total Group</b>	<b>2.5</b>	<b>3.1</b>	<b>(0.7)</b>	<b>6.2</b>	<b>11.2</b>	<b>(5.0)</b>
attributable to parent company	4.6	6.2	(1.5)	6.0	11.1	(5.1)



The site in India also focuses on maximum protection of the employees, which starts with a special seating order and halving the number of passengers on the company busses. In addition to specific seating rules at the canteen, mandatory face masks, the provision of hand sanitiser and continuous cleaning of entrance areas, door knobs and working surfaces, an emergency service was set up, which is on call round the clock for coronavirus emergencies. If an employee were to be tested positive for COVID-19, AT&S would pay for all medical expenses for the person affected and their family members.

Thanks to these and other measures taken by AT&S the company already had positive media coverage, pointing out the exemplary approach, extensive protective measures and the early response of AT&S to the challenges arising from the COVID-19 pandemic. The strong cohesion and great cooperation across locations is underpinned by AT&S's internal communication campaign ALL.TOGETHER.STRONG. The campaign supports the cohesion across plants and gives the employees insights into how the respective sites cope with production operations and virtual collaboration.

However, the health and safety of our employees is also an important focus in normal operations. Personal protective equipment from safety glasses to coats and safety shoes, noise measurements, annual fire drills, training and safety instructions especially with respect to dealing with dangerous substances, and regular breaks are only a few examples of the high safety standards at all AT&S locations. For employees who spend a large part of their everyday work sitting, a healthy, intact musculoskeletal system is important. Sitting for hours without any physical activity may increase the risk of cardiovascular diseases or osteoporosis. AT&S promotes employees' sports and community activities including tennis tournaments, biking and skiing trips or participation in various business runs. This helps

minimise physical and psychological stress and maintain good health. In coordination with the plant management, the works council offers health days at the Austrian sites. The offer ranges from various examinations such as lung function, eyesight, hearing, or measuring blood sugar levels and blood pressure to free-of-charge vaccinations such as TBE.

AT&S India also supported the participation of 119 employees in a running event, promoting team spirit and sports activities among the staff. In addition, a wellness programme for female employees, stress management training and health-supporting activities were held in the last financial year. Annual health checks and financial support in case of hospitalisation are also offered for employees at AT&S's plant in South Korea.

Occupational accidents declined from 3.1 to 2.5, while the average monthly days lost were nearly halved from 11.2 in the previous year to 6.2. At 0.9%, the rate of absences was also down on the previous year. No fatal accident occurred throughout the Group. This is a sign of a working occupational safety management and a high awareness level among employees. However, occupational accidents cannot be fully prevented. Even the slightest inattention may have a major effect. We continuously work on protecting our employees' health and on preventing work-related stress and occupational accidents as far as possible. All work safety indicators are location-related and include contract workers. Occupational accidents do not include accidents on the way to and from the workplace.

## OUR COMMITMENT IS WELL WORTH IT – AS PROVEN BY OUR NUMEROUS AWARDS

AT&S's excellence in its operating activities in general, and in the highest quality, production, environmental and social standards as well as best customer service in particular, is reflected by the roughly 20 awards and prizes we received from different stakeholder groups in the financial year 2019/20 alone. The National Green Plant Certificate and Production Safety Excellence Award for AT&S plant in Shanghai, the Environment Protection Credible Enterprise Award for the plant in Chongqing, the Arogya Seva Ratna Award for occupational health and safety, numerous awards from our customers, the ALC award as the best Styrian company in the category "International" and the Diversity Award of the Boston Consulting Group, which we received only recently, are only a few examples.

### Social commitment connects us with the communities of our locations

Apart from awards and prizes, some of which are attributable to the social commitment and ecological awareness of AT&S, the company also engages in social projects as part of various initiatives and institutions in the communities adjacent to our production facilities. For example, employees of AT&S Shanghai visited a retirement home. Annual family celebrations for young and old take place at both Chinese locations. Similar to the open house day at the headquarters, guided tours of the plant as well as a programme for children with game stations and fantasy tours are offered under the motto "AT&S Wonderland". All safety and data protection regulations are, of course, strictly complied with at these events.

Since the Chongqing plant was established in 2011, the company has participated in a wide range of social activities and projects. In December 2019, employees of AT&S Chongqing visited an elementary school in the Tong Nan district, one of the poorest regions in the southwest of China. Our employees gave the children winter jackets and school materials.

Commitment and dedication to a well-functioning community also plays an important role at the AT&S location in Nanjangud. AT&S therefore supports school and water supply projects every year as well as medical care in the neighbouring villages. These and many other activities dedicated to education, health, water supply and hygiene have had a positive impact on the lives of many people. During the last financial year, for example, a river bank was developed for the people in the region, giving them access to fresh water for cleaning and religious practices.

At the Austrian locations, AT&S supports a variety of institutions with monetary and in-kind donations, for example in the areas of education, integration and healthcare. With the establishment of the AT&S social fund, AT&S also strengthens social involvement and mutual support at the Austrian locations. The fund is financed by employees and the company and is designed to benefit employees who are suffering financial hardship through no fault of their own. A committee specifically set up for this purpose makes an anonymised decision about the type and amount of support.

# Sustainable Supply Chain

The economic, ecological and social responsibility of AT&S goes far beyond its own system boundaries and includes responsible sourcing and functioning supply chain management. In general, we see a greater risk within the supply chain, whether it is a risk of compliance violations, human rights abuses, poor working conditions or environmental offences. This is attributable to the fact that all policies and measures within the AT&S system boundaries can be controlled directly, while the direct influence of AT&S within the supply chain decreases with the number of subcontractors.

Therefore, sustainable supply chain management has been defined as a strategic field of action in the strategy process. The material topic human rights has been assigned to this area. When allocating the UN Sustainable Development Goals (SDGs), we identified those SDGs as central which emphasise the importance of responsible entrepreneurship of our business partners. We put great value on partnerships with suppliers who have an equally clear position as AT&S against human rights abuses, corruption and discrimination and comply with all applicable laws.

## COMPLIANCE WITH OUR CODE OF CONDUCT IS A KEY CONTROL ELEMENT IN SUPPLY CHAIN MANAGEMENT

One of the most effective instruments to call on our suppliers to comply with our standards is the AT&S Supplier Code of Conduct. It was prepared pursuant to the guidelines of the Responsible Business Alliance (RBA) and is publicly accessible on the AT&S website along with the General Terms and Conditions of Purchase and the Guidelines for the Regulation of Environmental Related Substances in accordance with the REACH Regulation. This code aims to achieve a balance between realising a profit and ethnic responsibility, and provides a framework of action for our suppliers. It comprises business ethics and management practices, occupational health and safety, labour and human rights as well as environmental protection. 80% of the purchasing volume of AT&S is distributed among 99 suppliers. At the end of the financial year 2019/20, 95% of them had already signed our Supplier Code of Conduct. Our clear objective is to have the code signed by 100% of these suppliers, whom we consider to be the most essential suppliers.

SDGs	The contribution of AT&S in the area Sustainable Supply Chain
	<p>We ensure compliance with ecological, ethical and social standards in all our business relationships, communicate them clearly in our Supplier Code of Conduct and examine compliance in supplier audits.</p>
	<p>Based on the AT&amp;S Supplier Code of Conduct, we promote sustainable sourcing practices, transparent sustainability management and maximum resource efficiency, and demand these from our suppliers.</p>
	<p>In our Supplier Code of Conduct we require our business partners to have an equally clear positioning regarding economic inclusion, equal opportunities and anti-discrimination.</p>
	<p>Based on the Supplier Code of Conduct and audits, we require responsible management, a clear rejection of any form of bribery, corruption or any form of violence, abuse or taking advantage of children from our business partners.</p>
	<p>AT&amp;S relies on globally effective partnerships with suppliers to achieve the sustainability goals.</p>



## OUR SUPPLIER AUDITS ENHANCE PARTNERSHIPS AND OFFER A DEVELOPMENT OPPORTUNITY

To further reduce procurement-specific risks, new suppliers are audited with respect to quality, supply chain management, ecological and social responsibility as well as business ethics and human rights. In the financial year 2019/20, an audit plan was developed based on an established, risk-based approach, and 55 audits were conducted accordingly. 34 of these audits comprised business ethics and respect for human rights alongside general social and ecological topics. A total of 13 slight deviations were registered in the areas of business ethics, working conditions and human rights in these 34 audits, of which four were related to working conditions and one to human rights. Together with the suppliers concerned we work on eliminating these deviations. In the previous year, 69 supplier audits were conducted, of which 58 comprised business ethics, working conditions and respect for human rights.

Number of supplier audits

55 audits

## HOW WE ENSURE RESPECT FOR HUMAN RIGHTS UP TO THE SOURCING OF MINERALS

The extraction of valuable minerals is an intensive process involving a great number of social and ecological risks. The sourcing of and trade in minerals in particular can have considerable negative effects, including severe human rights violations, money laundering and conflicts. With our commitment to the Responsible Minerals Initiative (RMI) we help mitigate the negative impact

of the production and processing of minerals within our supply chain. The RMI acts in line with the United Nations and the OECD Guidelines for multinational enterprises, to which AT&S is also fully committed. AT&S thus also meets the requirements of EU Regulation 2017/821 and those of the Dodd Frank Acts Section 1502 of the US Congress. We comply with both the due diligence process of the RMI and the other definition of so-called conflict minerals, of which gold, tin and cobalt are used at AT&S.

AT&S contacts all gold, tin and cobalt suppliers at regular intervals, at least once a year and as necessary in case of suspicion. We demand transparent reporting using the CMRT (Conflict Minerals Reporting Template) of the RMI for the entire supply chain. RMI continuously publishes and updates the list of smelting plants and mines conforming to the rules, which have been audited. AT&S exclusively accepts an RMI-compliant supply chain. We are proud that we were able to report a 100% RMI-compliant supply chain last year, with a 100% response rate on the part of our suppliers.

RMI compliance of our supply chain

100%

These requirements are also included in the Supplier Code of Conduct. It can be downloaded from the AT&S website along with the CMRT of the AT&S Group.

# GRI content index

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<b>302</b>	<b>Energy</b>	
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302-1	Energy consumption within the organization	p. 54; distinction renewable/non-renewable and consumption types not available
302-3	Energy intensity	p. 54 f.
302-4	Reduction of energy consumption	p. 53; for further information see CDP Climate Change Report ( <a href="http://www.cdp.net">www.cdp.net</a> )
<b>303</b>	<b>Water</b>	
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<b>306</b>	<b>Effluents and waste</b>	
103-1;-2;-3	Management Approach	p. 56 f.
306-1	Water discharge by quality and destination	see CDP Water Security Report ( <a href="http://www.cdp.net">www.cdp.net</a> )
306-2	Waste by type and disposal method	p. 57; distinction by disposal method not available
<b>403</b>	<b>Occupational Health and Safety</b>	
103-1;-2;-3	Management Approach	p. 68 ff.
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# AT&S ON THE CAPITAL MARKET

## INTERNATIONAL STOCK MARKETS CONFRONTED WITH DIFFICULT ENVIRONMENT IN 2019/20

While topics such as the trade dispute between the USA and China, the global economic slowdown and the developments around Brexit dominated the economy and capital markets in 2019, the outbreak of the COVID-19 pandemic caused massive turmoil on the stock exchanges in early 2020.

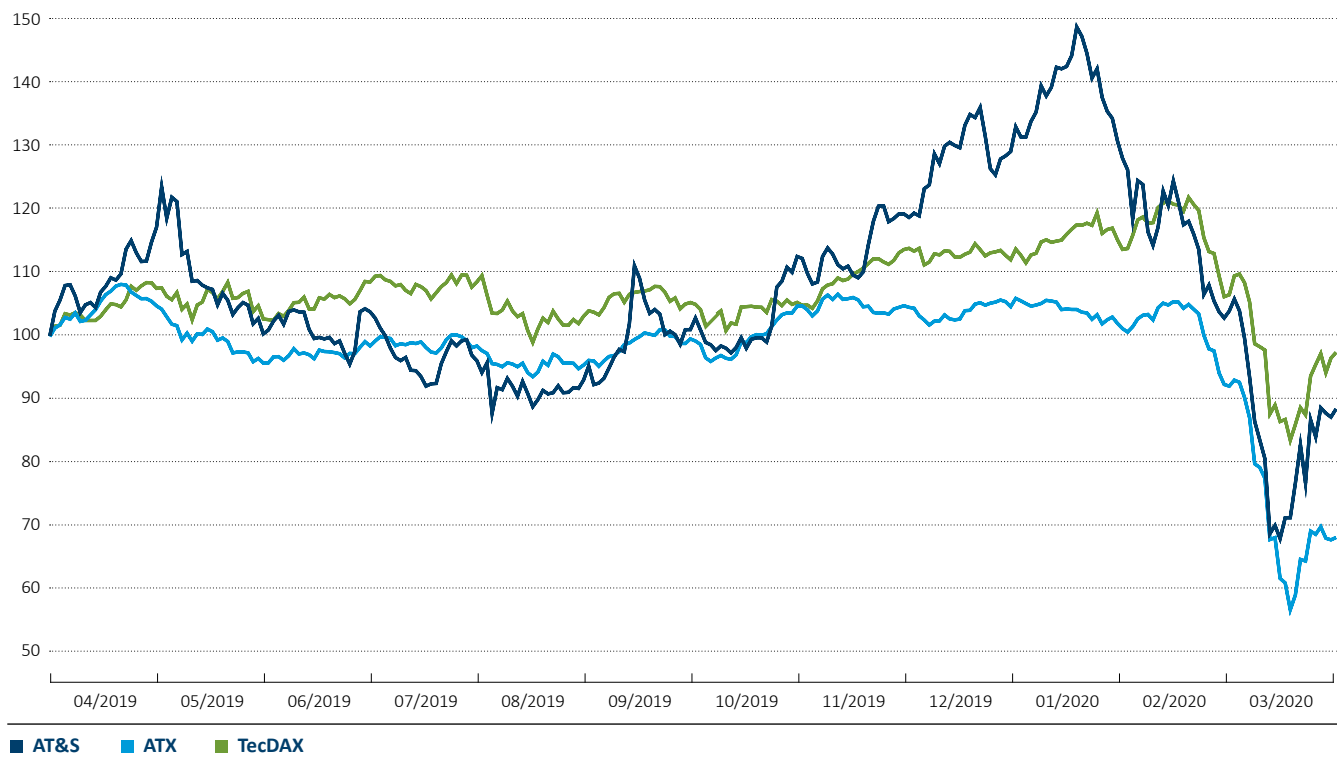
Against this background, the Euro STOXX 50 showed a volatile development up until the late summer of 2019, but then also reached its high for the reporting period in mid-February 2020. The Dow Jones Industrial Average showed a similar pattern, also marking its high in mid-February. However, as a result of the spread of the COVID-19 pandemic, both indices suffered massive losses and reached their low in March. Although they subsequently recovered, both the Euro

STOXX 50 (-20.3%) and the Dow Jones Industrial Average (-15.5%) showed a loss during the reporting period. The indices on the Vienna Stock Exchange recorded a more negative development, with substantial losses for both the Austrian lead index ATX (-34.0%) and the more broadly based ATX Prime (-32.9%).

## PERFORMANCE OF THE AT&S SHARE

The AT&S share started the new financial year at a price of € 15.9 in April 2019 and recorded significant gains until early May. However, in a stock market environment marked, among other things, by trade conflicts and more cautious economic forecasts and driven by subdued signals from AT&S's customer industries, the share price dropped again in the late summer. Following that, a generally friendlier stock market environment provided more momentum as positive market assessments, for example for smartphones and IC substrates, also had a positive effect. On 22 January 2020, the

Share price development  
AT&S compared to ATX and TecDAX



AT&S share marked its high of the financial year at € 23.6. The outbreak of the COVID-19 pandemic and the measures imposed by the authorities in China caused temporary disruptions of production, leading to a downwards revision of the revenue and earnings projections for the financial year 2019/20. Pressure on the share consequently increased significantly and was further intensified by growing uncertainty on the global stock markets. Accordingly, the share recorded its annual low of € 9.2 on 16 March 2020. After a phase of recovery, the AT&S share closed at € 13.4 on 31 March 2020, recording a loss of 12.4% in the financial year 2019/20.

## CONVEYING THE GROWTH STORY

In the past year, Investor Relations focused its capital market communication activities on further boosting investors' trust in the company, the industry and the growth story "More than AT&S". The latter was consistently advanced with the entry into the module integration business and the initiated expansion of IC substrate activities in Chongqing.

The company engaged in an intense exchange with existing and potential investors through a variety of different formats. These activities focused on the USA and Europe in the past year. At road shows and investor conferences as well as in one-on-one conversations the company also informed the capital market about the business development, progress made in the implementation of the strategy and the status of important operational projects. When the COVID-19 pandemic broke out, AT&S reacted promptly. Changes were made to active interaction with investors and analysts, using the broad spectrum of communication tools offered by modern technology including conference calls, webcasts, virtual roadshows and conferences as well as videos. The company also ensured that all capital market participants received information in a transparent, equal and proactive manner through its communication activities.

AT&S provides interested capital market participants with regularly updated documents relevant to the capital market such as annual and quarterly reports and presentations on its Investor Relations page at [www.ats.net/investors](http://www.ats.net/investors), for viewing and download. Channels on Twitter, LinkedIn, Instagram and YouTube serve as additional sources of information.

### Key share figures

	Unit	2019/20	2018/19
Closing price on 31 March	€	13.4	15.3
High	€	23.6	24.1
Low	€	9.2	14.6
Market capitalisation (end of reporting period)	€ in millions	521.0	594.4
Average share turnover per day	€ in thousands	1.569.7	2.313.2
Average number of shares traded per day	–	96,739	124,279
Dividend per share <sup>*</sup>	€	0.25	0.60
Dividend yield (at the closing price)	%	1.9	3.9
Earnings per share	€	0.34	2.08
Book value per share	€	19.6	20.7
Price-earnings ratio per share	–	39.4	7.4

<sup>\*</sup> 2019/20: proposal to the Annual General Meeting

### AT&S bond

	Due on	Coupon	Issue size
Hybrid bond ISIN: XS1721410725	24/11/2022	4.75%	€ 175 million

### AT&S share

Securities Identification No./ISIN	922230 / AT0000969985
Ticker symbols	Thomson Reuters: ATSV.VI Bloomberg: ATS:AV
Stock listing	Vienna
Indices	ATX, ATX GP, WBI, VÖNIX
Number of ordinary shares	38,850,000

### Analyses of the AT&S share

	Analyst recommendations <sup>*</sup>
Erste Group	Buy
Raiffeisen Centrobank	Hold
Berenberg Bank	Hold
HSBC	Buy

<sup>\*</sup> As on date of publication



## CAPITAL MARKET TRANSACTIONS

In the financial year 2019/20, AT&S did not carry out any capital market transactions. Rather, the focus during the reporting period was on financing the capital requirements of the coming years early in order to secure the favourable financing environment in the long term. To this end, a credit line of an aggregate volume of € 300 million as part of an OeKB equity financing programme and a promissory note loan transaction totalling € 80 million were successfully concluded.

All of these activities serve the general financing of the company at very favourable terms and conditions and are long-term components of the value-increasing mid-term strategy “More than AT&S”. With a clear focus on new interconnect solutions by combining existing and new technologies, the aim is to generate revenue of € 2 billion in the medium term.

### AT&S financial calendar

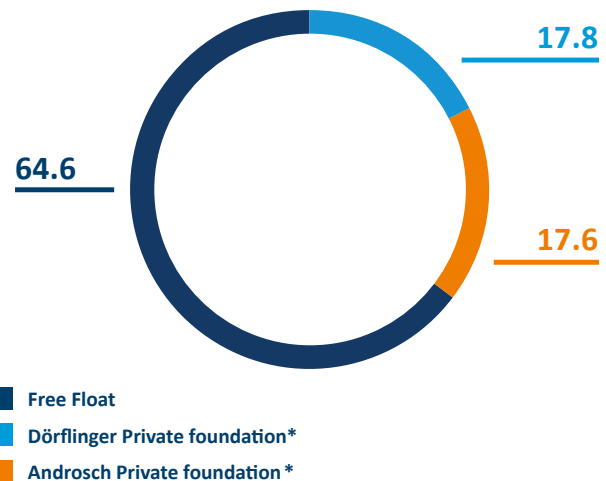
29/06/2020	Record Date Annual General Meeting
09/07/2020	26th Annual General Meeting
28/07/2020	Ex-Dividend Day
29/07/2020	Record Date Dividend
30/07/2020	Dividend Payment Day
04/08/2020	Publication of the first quarter 2020/21
03/11/2020	Publication of the first half-year 2020/21
02/02/2021	Publication of the first three quarters 2020/21
18/05/2021	Publication Preliminary Annual Results 2020/21

### Contact/Shareholder hotline:

- Gerda Königstorfer  
Director Investor Relations  
Phone: +43 3842 200-5925  
Mail: g.koenigstorfer@ats.net
- Johannes Mattner  
Manager Investor Relations  
Phone: +43 3842 200-5450  
Mail: j.mattner@ats.net

### Shareholder structure

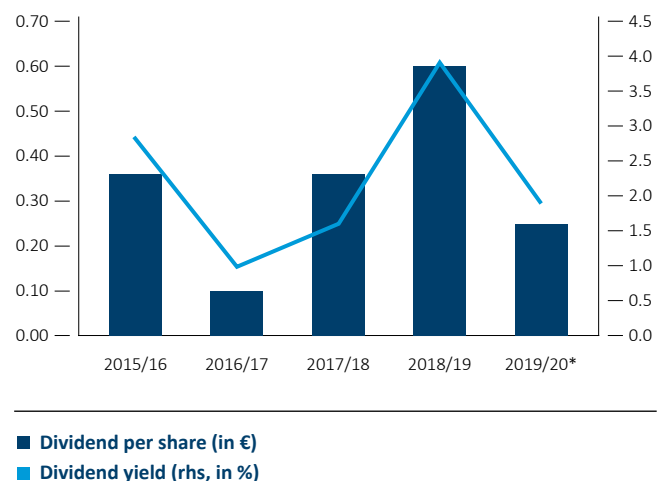
in %



\* Including direct and indirect holdings

### Dividend development

Dividend and dividend yield



\* Proposal to the Annual General Meeting

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# 1. MARKET AND INDUSTRY ENVIRONMENT

## 1.1. General economic environment

### Economic slowdown followed by COVID-19 crisis

A downturn in line with the economic cycle and intensified by factors such as the US-China trade conflict and Brexit was already visible in 2019. The COVID-19 pandemic, which set in at the beginning of 2020, and the associated crisis measures put a brake on global economic activity and led to substantial downgrades of the GDP projections for 2020. By the end of April 2020, the global GDP growth forecast for 2020 had already declined from 2.9% to 0.4% in the most important economies due to the impact of the crisis measures (OECD, March and April 2020<sup>1</sup>). Each additional month of restrictions should further curb global GDP growth by another 2 percentage points in 2020 (OECD, April 2020<sup>2</sup>). Other forecasts already project globally negative GDP growth of -2.8% in 2020 (Oxford Economics, April 2020<sup>3</sup>) up to -4.2% (IC Insights, April 2020<sup>4</sup>). These deviations reflect the enormous volatility of the current situation. A recovery of the global economy is currently expected for the year 2021 (OECD, March 2020<sup>5</sup>).

## 1.2. Industry environment

### Industry trends: short-term effects of COVID-19, strong medium-term growth perspective for artificial intelligence, 5G, automation, electrification of mobility and module integration

A health crisis as caused by COVID-19 can have a significant impact on the markets in the short term. The long-term trends up to 2025 and beyond are primarily driven by overcoming long-term social challenges and should remain largely unaffected by COVID-19 based on current estimates (Prismark and Yole, April 2020).

Digital technologies and electronics are increasingly gaining importance for people's lifestyle. Information and communication media, for example, have to be available anytime, anywhere; devices should be able to perform tasks to support people as autonomously and efficiently as possible, which requires a growing number of mobile electronic devices equipped with sensors, artificial intelligence, high-speed data transmission capabilities, etc. Moreover, mobility is supposed to be safe without any limitations and eco-friendly at the same time, and personal safety and health should be improved continuously as the population keeps aging.

<sup>1</sup> OECD Economic Outlook, Interim Report March 2020, OECD Publishing, Paris, <https://doi.org/10.1787/7969896b-en>.

"OECD updates G20 summit on outlook for global economy", April 2020, <http://www.oecd.org/newsroom/oecd-updates-g20-summit-on-outlook-for-global-economy.htm>

<sup>2</sup> "OECD updates G20 summit on outlook for global economy", April 2020,

<http://www.oecd.org/newsroom/oecd-updates-g20-summit-on-outlook-for-global-economy.htm>

<sup>3</sup> Oxford Economics World Economic Prospects (April 2020), <http://resources.oxfordeconomics.com/world-economic-prospects-executive-summary>

<sup>4</sup> IC Insights, McClean Report update, April 2020.

<sup>5</sup> OECD Economic Outlook, Interim Report March 2020, OECD Publishing, Paris, <https://doi.org/10.1787/7969896b-en>.

The smallest possible mobile devices such as smartphones, smartwatches, wireless earphones and virtual reality glasses support people in a wide variety of tasks. Thanks to mobile diagnostics and therapy devices, it is also becoming easier to monitor health better. In all of this, users expect an increasing number of functions on ever-smaller space with longer battery life to support such a mobile lifestyle. As mobile devices are getting smaller, have more additional functions per device and require more battery space for longer battery life, “miniaturisation” of the electronics contained in the device is becoming a necessity.

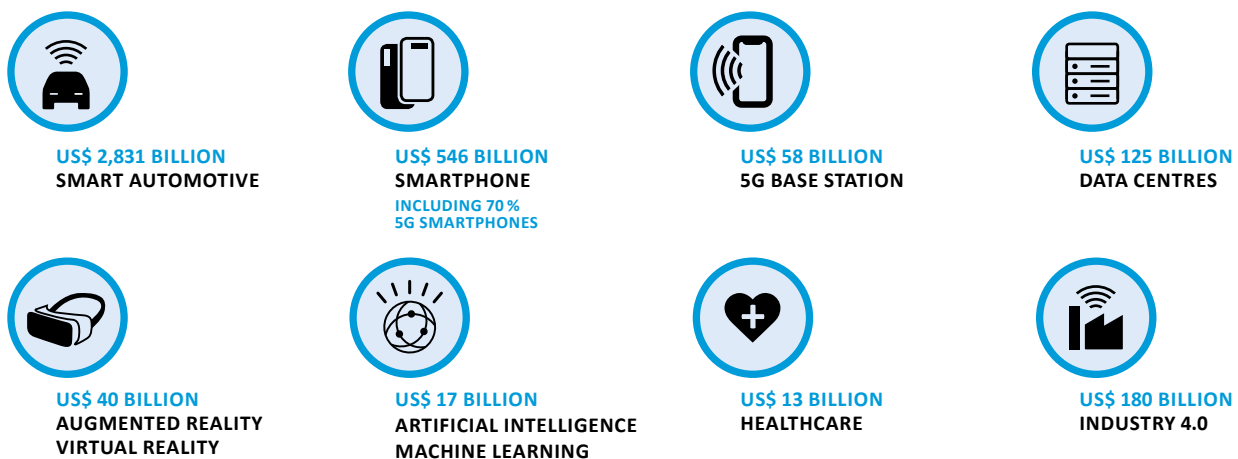
While the cycles of developing and launching products on the market are getting shorter, quality requirements are increasing at the same time. This challenge can be met by combining predeveloped, multiple-use system parts with one or several system functions in electronic modules (“modularisation”). Examples of such modules include sensor modules, computing or artificial intelligence (AI) modules, storage modules, and radio frequency (RF) modules for wireless communication and data transmission.

The trend of modularisation increasingly manifests itself not only in consumer, computer and communication products such as smartphones, smartwatches, smart speakers, notebooks, etc. but also in all other areas of electronics including automotive, industrial and medical applications.

Interconnect solutions consisting of printed circuit boards and IC substrates using embedding as one of the key technologies for the integration of modules with a growing number of functions make a significant contribution to supporting the trend of modularisation. They shorten electrical lines between the components and save space.

Printed circuit boards and interconnect solutions for consumer, communication and computer applications (“CCC”) are additionally subject to the necessity to provide minimum trace widths for high levels of integration in large production volumes. Automotive, industrial and medical applications (“AIM”) use high-end technologies with reduced trace widths from CCC as a platform for further innovation. The focus is on the introduction of new materials (e.g. high-frequency printed

**MARKET SIZE BY APPLICATION**  
2025



Source: Yole, AT&S Analysis (April 2020)

circuit boards for radar applications in the automotive sector), process control within even tighter limits and further technological improvements to meet very high quality requirements.

The application trend towards smart autonomous devices supporting a mobile lifestyle and the automation of production requires omnipresent connectivity to exchange huge data volumes (Internet of Things, machine-to-machine communication) or artificial intelligence. Such systems must have particularly high data processing and computing capability. They also have to interact with the environment via sensors and actuators. Such sensors and actuators comprise optical sensors, position and environmental sensors, miniaturised light sources and displays, miniaturised speakers, etc., which further increase the data volume and, consequently, the computing and storage requirements.

Significant improvements in connectivity are expected following the introduction of the 5G telecommunication standard (data rates of high gigabit/s with latencies (= reaction times) of < 1ms). This will allow de facto real time applications for mobile devices, robotics and autonomous driving, to name only a few examples.

Another important trend is the introduction of technologies to prevent emissions, which drives the electrification of vehicles for example. Along with autonomous driving, this is another key application driver for more electronics in vehicles. More efficient networks in vehicles (48V electrical system) as well as electrical motors require the transmission and switching of ever-increasing power, which requires measures to cool the electronics and minimise switching losses.

Depending on the development stage of individual electronic applications, the related markets will have a significant size by 2025. End customer application markets such as vehicles with automated driving capabilities ("Smart Automotive") and smartphones offer great opportunities for electronic systems. Other interesting opportunities arise in data centres, 5G base stations and in industrial automation (Industry 4.0). New applications such as AI (artificial intelligence) components, sensors as a part of health electronics and AR/VR devices

(augmented reality/virtual reality) represent comparatively smaller markets, however, with a particularly strong potential for growth.

All of these applications can only be realised with highly advanced interconnect solutions as an increasingly significant part of the system as a whole. Modularisation is opening up considerable growth potential for high-end printed circuit board and IC substrate producers like AT&S by proactively entering into development partnerships with customers.

### **Electronics market: further growth through digitalisation and new functions such as artificial intelligence, 5G connectivity and automation**

The solution of social tasks by means of electronic hardware and software ("digitalisation") is gaining increasing importance as has been noticeable over the past decades. Electronics are used in an ever-growing number of applications in order to make them "smart", thus also continuously driving growth of the total electronics market. The total electronics market comprises all manufactured electronic devices and electronic systems. Like macroeconomic data, estimates regarding the total electronics market as well as all other following market estimates are subject to high volatility due to the COVID-19 pandemic. This applies in particular to the year 2020. As a result of the COVID-19 effects expected to date, the entire electronics market, which totalled US\$ 2,143 billion in 2019, should shrink by slightly more than 10% in 2020 (Prismark, April 2020). The strongest declines in the total electronics market are projected for the industrial, automotive and consumer segments as consumers and companies are likely to spend less on non-essential goods (Prismark, April 2020). The computer and communication segments will also be significantly affected by the COVID-19 pandemic in 2020 according to current estimates. Following an initial boost in demand due to an increased need for home office equipment, PC and notebook applications are set to record a considerable decline. Further significant growth is expected for servers as another key application in the computer segment due to growing data traffic. Within the communication segment, the strongest decline is forecast for smartphones, while wireless infrastructure is predicted to continue to grow substantially in 2020. In terms of whole segments, tangible growth is only projected for the medical

sector in 2020. This is in part attributable to stable demand independent of COVID-19 and some one-off effects such as increased demand for life-saving ventilators.

The long-term global market forecast for electronic systems up to 2025 will not be influenced by COVID-19 according to current estimates. Based on long-term trends and new functions such as artificial intelligence, 5G connectivity, automation, electrification of mobility and renewable energy production, we can still expect mean annual growth in the electronic systems market of 3.2% to US\$ 2,587 billion in 2025 (Prismark, April 2020). The annual growth rates of the individual segments are expected to range between 1.6% (computers) and 6% (automotive). Due to the increase in electronic content per vehicle for automated driving and electrification, individual

segments of automotive electronics such as automated driving (camera, radar, etc.) should continue to grow strongly.

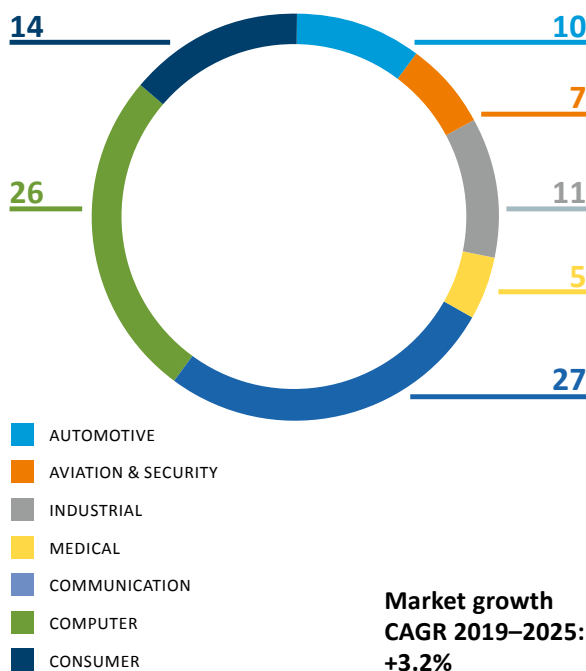
However, the recovery from the COVID-19 crisis may take longer in the automotive segment than in other segments. In industrial electronics, a massive growth surge is expected due to automation including robotics, digitalisation of the manufacturing environment and machine-to-machine (“M2M”) communication.

The new 5G wireless standard is a massive growth driver for all segments. 5G enables wireless communication in real time with very high data rates, allowing not only videos to be played on mobile devices and general mobile data transmission from the Internet without any time delay but also all types of communication between machines (“M2M” or “machine-to-machine” communication) or vehicles (“Vehicle-to-X” or “V2X” communication).

The enhancement of electronic systems with artificial intelligence (AI) is another, at least equally important growth driver for all sectors. In addition to software, this requires highly advanced and high-quality processor and storage hardware. Current examples include server, PC/notebook and smartphone processor modules with AI accelerators. Camera modules for smartphones and microphones with AI functionality to improve detection signals are further examples. AI technology is also applied in automated drive systems, manufacturing robots and intelligent “home robots”. Home robots comprise a variety of applications ranging from AI-enhanced smart speakers, monitoring devices, robots for household activities, robots assisting older people or toy robots. In these cases, AI is used for the automated evaluation and interpretation of detection signals or images, for automated data analysis or for intelligent decision-making based on the data collected.

**Electronics market by segment 2019**  
in %

Market size 2019: US\$ 2,143 billion



Market growth CAGR 2019–2025: **+3.2%**

Source: Prismark, April 2020

**Printed circuit board and IC substrate market: medium-term growth follows that of the electronics market, further intensified through module integration**

Printed circuit boards (PCBs) are used to provide electric connectivity for electronic components mounted on their surface including passive electronic components, such as

resistors and capacitors as well as packaged integrated circuits (“ICs”), electronic modules and “systems in package“, which contain at least two components and carry out at least one system function such as detecting or actuating, data transmission, processing, data storage or energy management.









Based on current estimates it can be assumed that the economic slowdown caused by COVID-19 will lead to temporary effects on the global printed circuit board market. The market environment, which is currently subject to by high volatility, does not allow a more accurate assessment in figures. However, a substantial recovery in demand can be expected, driven by an intensified trend towards digitalisation. These effects are currently clearly visible in the global IC substrate market due to the resulting significant increase in data volume; it therefore can be assumed that demand will continue to be positive in this market segment.

As stated previously, no effect is expected on the overall medium and long-term growth of the printed circuit board market, which is driven by the increasing functions of the electronics systems.

Up to 2025, mean annual growth of 4.7% to just over US\$ 76 billion is expected. As in the electronics systems market, this growth up to 2025 and beyond will be driven by the long-term trend towards digitalisation, and new functions such as artificial intelligence, 5G, automation, electrification of mobility and module integration to accelerate development and reduce costs for electronic systems.

Depending on the segment, annual growth in the printed circuit board markets is expected to range from 2.4% (Aviation & Security) to 5.6% (Communication) between 2019 and 2025 (Prismark, April 2020).

### Development of the PCB and IC substrate market in 2020

Segment	Trend	Market risks	Market opportunities
<b>AUTOMOTIVE</b>		Strong decline in vehicles sold	Electronic content in vehicles increases (automated driving, electrification of powertrain) Growth in selective applications such as camera, radar, etc.
<b>AVIATION &amp; SECURITY</b>		Particularly strong decline in the segment of new civil aircraft	Growth in satellite and security applications
<b>INDUSTRIAL</b>		Significantly lower investment activity	Public sector investment incentives for applications such as renewable energies
<b>MEDICAL</b>		No particular risks due to COVID-19 pandemic	Stable market development and special demand for some applications such as ventilators
<b>COMMUNICATION</b>		Strong decline in mobile devices	Increased data transmission requirements (remote working, online services) Public sector investment incentives and investments in communication infrastructure Growth in base stations, satellites, etc.
<b>COMPUTER</b>		Slump in PC and notebook sales after a short-term boom due to home office equipment	Increased data processing requirements in data centres (remote working, online services) and need for additional servers
<b>CONSUMER</b>		Change in consumer behaviour due to COVID-19 leads to purchasing restraint	Continued growth in individual applications such as wireless earphones
<b>SUBSTRATES</b>		Despite significant increase in substrate size and number of layers lower need for substrates for processor modules for PCs and notebooks	Especially strong growth for IC substrates for processor modules for infrastructure (5G base stations, servers for data centres)

Source: Prismark, April 2020; Substrates: Yole, May 2019; AT&S Analysis



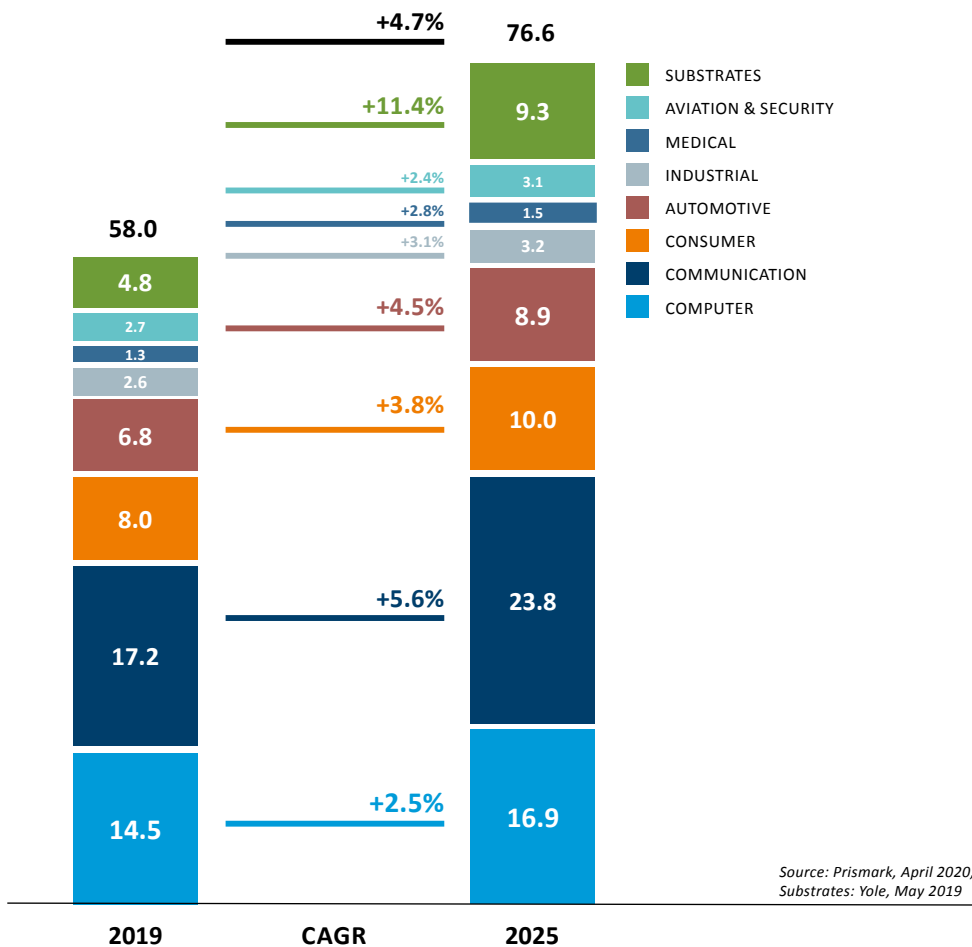
Annual growth in the IC substrate market is still estimated at approximately 10% up to 2025. This applies in particular to the FCBGA market segment, in which AT&S is active, where processor modules are the main application (Yole, May 2019). As previously mentioned, this subsegment is not expected to see a strong negative influence from COVID-19 since demand in this market segment is currently higher than the available supply due to the introduction of AI and 5G. Technological changes such as heterogeneous integration of processors and memory or chiplets drive demand due to a higher number of substrate layers and larger form factors. Due to new chip

generations, minimal pattern sizes are becoming ever smaller. Moreover, the components and routing layers on IC substrates are increasingly often directly connected with each other as the next step of system integration (“fan out”, “embedding”).

The integration of system functions in “systems in package” or electronic modules is a trend that goes beyond processor modules. Such functions include sensors, actuators, energy management and RF connectivity. This trend towards module integration is attributable to the reduction in system costs,

**Substrates and PCB market**

US\$ in billions



miniaturisation and faster time to market of end user products when tested and qualified electronic modules are used.

The market for module integration services (printed circuit boards/substrates, module production and test) will show annual growth rates of more than 10% and reach a similar size as the printed circuit board market within a few years. The technology options for module integration from the AT&S toolbox include HDI, mSAP, SAP, embedding and 2.5D. This module market thus offers AT&S an important opportunity for further growth, but requires strengthening of manufacturing and testing service capabilities. In the short term, growth is also expected to slow down significantly in this market because of the COVID-19 crisis, while submarkets such as the wireless module and sensor module segments still offer growth opportunities.

# 2. ECONOMIC REPORT

## 2.1. Overall development of the Group

### AT&S successfully manages challenging environment

In the financial year 2019/20 AT&S held its ground well in a challenging market environment, which was heavily influenced by the trade dispute of the world’s two largest economies, the USA and China, and the related decline in global growth, as well as uncertainties regarding the United Kingdom’s withdrawal from the European Union. In the last quarter, the COVID-19 pandemic and the related temporary closure of plants in China and India led to additional negative effects. As a result, the Group’s revenue, at € 1,000.6 million, did not reach the level of € 1,028.0 million generated in the previous financial year (deviation € 27.4 million or -2.7%). Sales volume increases for IC substrates and in the Medical & Healthcare segment had a positive impact. The Automotive segment maintained the level of the previous year despite challenging market conditions. The weaker development was primarily attributable to the change in product mix for mobile devices and to the continued decline in demand in the Industrial segment. In addition, the Automotive and Industrial were confronted with increased price pressure.

## 2.2. Earnings development in the Group

### Revenue nearly at the level of the previous year

Revenue decreased by -2.7% year-on-year and amounted to € 1,000.6 million.

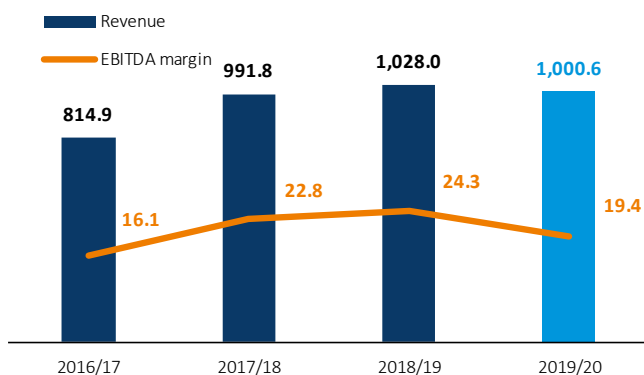
As the US dollar was stronger during the past financial year, foreign exchange effects had a positive influence of € 31.8 million or 3.1% on the development of revenue. 84.3% of revenue (previous year: 81.5%) was invoiced in foreign currencies (primarily US dollars).

During the year, revenue developed in line with the seasonal cycle. In the second and third quarters, revenue was significantly higher than in the first and fourth quarters.

The effects of recognising revenue over time, which is required for a number of customers in accordance with IFRS 15, led to a decrease in reported revenue of € 3.1 million or 0.3% (previous year: increase of € 22.5 million or 2.3%). For further information please refer to the notes to the consolidated financial statements.

Development of revenue and EBITDA margin

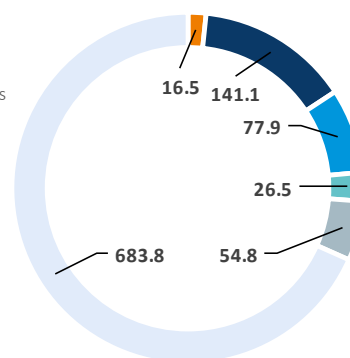
€ in millions/in %



Revenue broken down by region, based on customers' headquarters

€ in millions

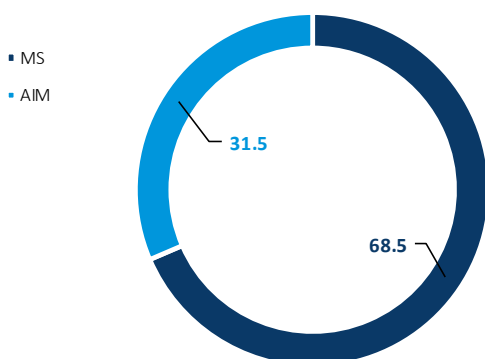
- Austria
- Germany
- Other European countries
- China
- Other Asian countries
- Americas



The regional revenue structure based on customers’ headquarters shows a share of 68.3% for America compared with 66.4% in the previous year. The share of products manufactured in Asia rose slightly from 85.0% to 86.5%.

**Revenue from external customers by segments**

in %



share of the Mobile Devices & Substrates (MS) segment in external revenue rose to 68.5% (previous year: 66.5%), the share of the Automotive, Industrial, Medical (AIM) segment declined to 31.5% (previous year: 33.0%). Further information on the development of the segments is provided in Section 2.3 “Earnings development in the segments”.

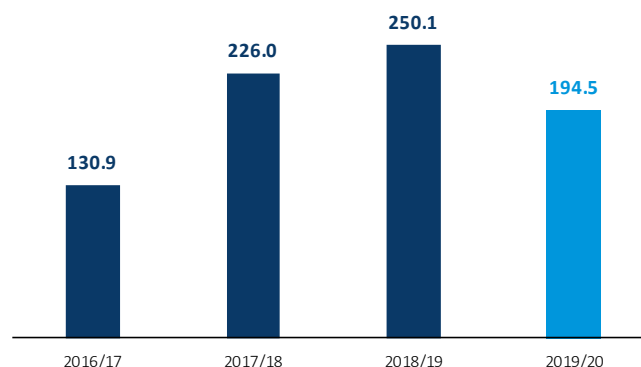
**EBITDA declines to € 195 million , EBITDA margin 19.4%**

EBITDA, at € 194.5 million, was clearly below the prior-year value of € 250.1 million. The current earnings figures are primarily attributable to the changed product mix in the Mobile Devices segment and to the market environment, which was subject to uncertainties and the associated decline in demand. This resulted in temporary underutilisation of the production capacities and a lower operating performance, which was exacerbated in the fourth quarter in particular due to the impact

of the COVID-19 pandemic. Furthermore, substantial investments in the future for the strategic expansion of business led to higher expenses. The result was supported by positive currency effects, which result predominantly from positive measurement effects due to the stronger US dollar and the translation of foreign subsidiaries to the reporting currency. The overall positive impact of the exchange rate totalled € 32.1 million.

**Development of EBITDA**

€ in millions



The EBITDA margin declined by -4.9 percentage points from 24.3% in the previous year to 19.4%.

**Result key data**

€ in millions (unless otherwise stated)

	2019/20	2018/19	Change in %
Revenue	1,000.6	1,028.0	(2.7%)
Operating result before interest, tax, depreciation and amortisation (EBITDA)	194.5	250.1	(22.2%)
EBITDA margin (%)	19.4%	24.3%	
Operating result (EBIT)	47.4	117.2	(59.6%)
EBIT margin (%)	4.7%	11.4%	
Profit for the year	21.5	89.0	(75.9%)
Earnings per share (€)	0.34	2.08	(83.7%)
Additions to fixed assets	254.3	108.8	>100%
Average number of staff (incl. leased personnel)	10,239	9,811	4.4%

### Increase in expense items

The above-mentioned effects also had an impact on the individual cost areas. The increase in production costs of € 36.8 million to € 897.7 million results primarily from higher maintenance costs, research and development costs, and depreciation and amortisation. This development was intensified by negative currency effects.

Administrative and distribution costs exceeded the prior-year figures by € 1.1 million or 1.7%.

Other operating income declined from € 17.4 million to € 12.9 million. This was mainly due to a decrease in the exchange rate result of € 2.8 million in the financial year 2019/20, which resulted primarily from the measurement of receivables and liabilities denominated in the stronger US dollar.

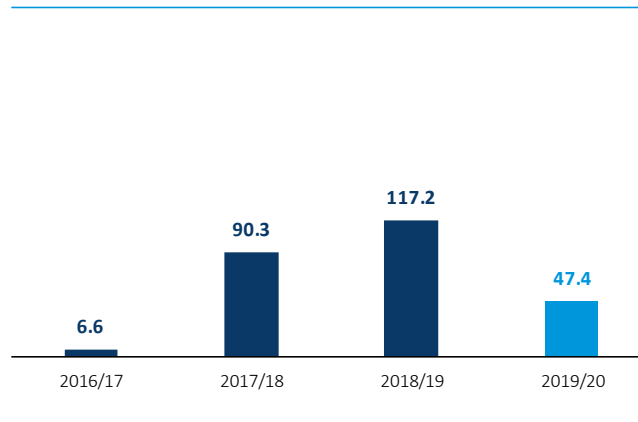
Depreciation of property, plant and equipment and amortisation of intangible assets of € 146.2 million or 15.4% of non-current assets (previous year: € 132.9 million or 15.9% of noncurrent assets) reflect the high technical standard and the intensity of investment of AT&S. The increase of € 13.3 million compared with the previous year was accounted for by € 8.1 million from the Mobile Devices & Substrates segment (MS), and here predominantly by higher depreciation at the plant in Chongqing. The share of the Automotive, Industrial, Medical segment (AIM) rose by € 4.7 million.

The operating result (EBIT) dropped by € 69.8 million or -59.6% to € 47.4 million (previous year: € 117.2 million) due to the above-mentioned effects.

The EBIT margin declined by -6.7 percentage points to 4.7% (previous year: 11.4%).

### Development of EBIT

€ in millions



### Finance costs – net

Finance costs – net fell from € -2.0 million to € -6.5 million. Interest expense on bank borrowings and bonds amounted to € 11.4 million (previous year: € 12.2 million). Interest on social capital remained at the prior-year level of € 1.1 million.

The measurement of hedging instruments resulted in a loss of € 1.5 million (previous year: loss of € 0.1 million). The hedging instruments swap variable for fixed interest payments which do not meet the criteria of hedge accounting since the term and the amount do not match the primary secured financial liabilities.

Capitalised interest on borrowings related to the acquisition of qualified assets increased by € 0.2 million to € 0.4 million (previous year: € 0.2 million).

Due to the higher volume of time deposits, an increase in the return on financial investments of € 1.8 million to € 6.7 million (previous year: € 4.9 million) was achieved although the environment for investments is currently unfavourable.

Positive exchange rate differences of € 3.8 million were recognised as income in finance costs – net in the financial year 2019/20 (previous year: income of € 9.2 million). The exchange rate differences resulted predominantly from the measurement of liquid foreign currency funds and debts.

Finance costs – net are influenced by currency effects because investments and loans from credit institutions are in part denominated in foreign currencies. The main intragroup loans are long-term in nature and their repayment is neither scheduled nor probable in the foreseeable future. These loans are therefore recorded directly in equity through the statement of comprehensive income.

### Profit for the year declines

Profit for the year declined from € 89.0 million in the previous year by € 67.6 million to € 21.5 million. The Group's tax expense amounts to € 19.5 million (previous year: € 26.2 million).

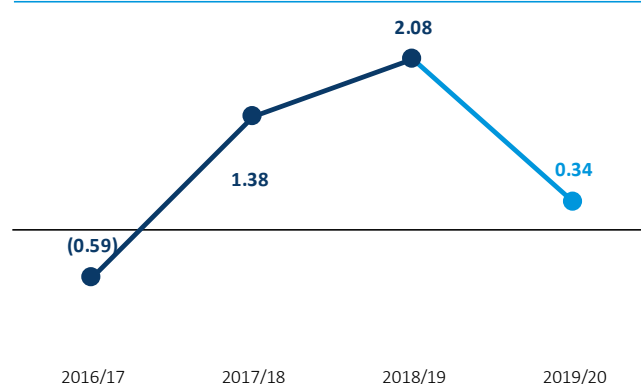
Current income taxes declined to € 12.0 million (previous year: € 13.6 million). Deferred tax expenses dropped to € 7.5 million (previous year: € 12.5 million). The main reasons for the reduction were reversals of deferred tax liabilities due to tax-free distributions within China and lower depreciation and amortisation at AT&S China than in the previous year, which led to lower deferred tax assets at the same time.

AT&S China reported the favourable tax status as a “high-tech company” in the calendar year 2019. This tax status commenced on 1 January 2017, is valid for three years and is dependent on achieving certain criteria each year.

Earnings per share decreased by € 1.74 from € 2.08 to € 0.34, with the number of shares outstanding remaining unchanged. In the calculation of earnings per share, interest on hybrid capital of € 8.3 million (previous year: € 8.3 million) was deducted from the profit for the year.

### Earnings per share

in €



## 2.3. Earnings development in the segments

### Mobile Devices & Substrates segment

The Mobile Devices & Substrates segment generally continued its positive development in the financial year 2019/20. Dampening effects of a change in product mix for mobile devices and a decline in global growth due to the trade dispute between the USA and China as well as the impact of the COVID-19 pandemic were only in part offset by sales volume increases in the area of IC substrates. Positive currency effects had an improving effect on earnings.

The increasing performance level of mobile devices would not be possible without HDI (high density interconnection) printed circuit boards and mSAP (modified semi-additive process)

### Mobile Devices & Substrates segment – overview

€ in millions (unless otherwise stated)

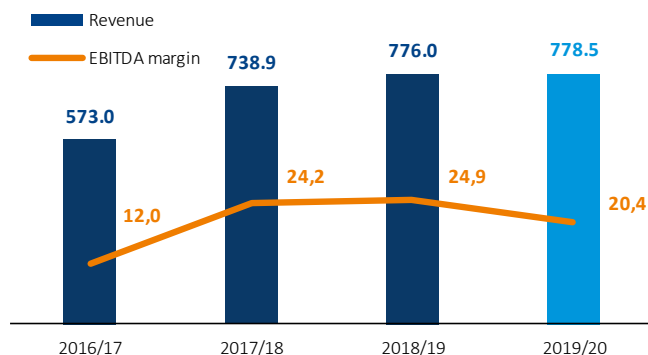
	2019/20	2018/19	Change in %
Segment revenue	778.5	776.0	0.3%
Revenue from external customers	685.9	683.9	0.3%
Operating result before depreciation and amortisation (EBITDA)	158.6	193.5	(18.1%)
EBITDA margin (%)	20.4%	24.9%	
Operating result (EBIT)	37.7	80.8	(53.3%)
EBIT margin (%)	4.8%	10.4%	
Additions to fixed assets	216.0	69.6	>100%
Average number of staff (incl. leased personnel)	7,260	6,860	5.8%

printed circuit boards. AT&S is one of the world's leading HDI technology suppliers and has achieved a leading position in mSAP technology.

With a revenue share of 68.5% (previous year: 66.5%), the Mobile Devices & Substrates segment is still the largest segment of the AT&S Group.

#### Mobile Devices & Substrates – Development of revenue, EBITDA margin

€ in millions/in %



**Revenue**, at € 778.5 million, was up € 2.5 million or 0.3% on the prior-year figure of € 776.0 million. Revenue was influenced by the positive exchange rate development of the US dollar, meaning that overall revenue growth was € 30.4 million higher as a result. In terms of geography, a further substantial increase in revenue with American customers was recorded.

The segment's **EBITDA** amounted to € 158.6 million, down € 35.0 million or -18.1% on the prior-year value of

€ 193.5 million. The decrease in EBITDA was primarily attributable to a less favourable product mix, the economic downturn and the related temporary underutilisation. The EBITDA margin of the Mobile Devices & Substrates segment, at 20.4%, was 4.6 percentage points lower than in the previous year (24.9%).

The segment's **depreciation and amortisation** increased by € 8.1 million or 7.2% from € 112.7 million to € 120.9 million. The increase was primarily attributable to higher depreciation and amortisation at the Chongqing site.

The operating result (**EBIT**) declined by € 43.1 million to € 37.7 million (previous year: € 80.8 million). The EBIT margin was down 5.6 percentage points to 4.8% (previous year: 10.4%) due to the decrease in EBIT.

**Additions to fixed assets** rose by € 146.4 million or 210.3% to € 216.0 million (previous year: € 69.6 million). Apart from additions of € 177.3 million for ongoing expansion, replacement and technology upgrades at the Chongqing site, fixed assets at the Shanghai plant increased by € 38.4 million.

#### Automotive, Industrial, Medical segment: at a stable level

With a decline in revenue of € 14.8 million to € 350.4 million (previous year: € 365.2 million) the level of the previous year could not be fully maintained in the Automotive, Industrial, Medical segment. Strong demand was recorded above all in the Medical & Healthcare segment. The Automotive and Industrial segments were confronted with a difficult environment, leading

#### Automotive, Industrial, Medical segment – overview

€ in millions (unless otherwise stated)

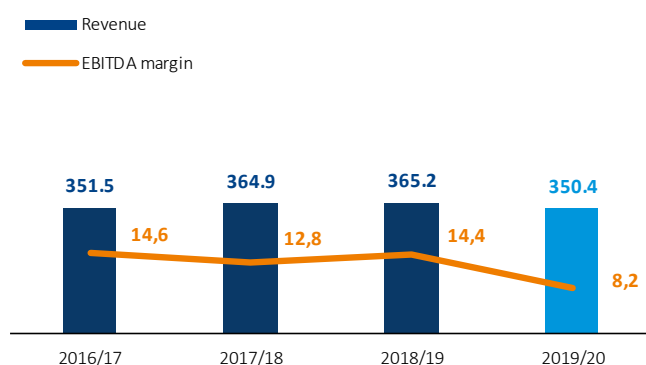
	2019/20	2018/19	Change in %
Segment revenue	350.4	365.2	(4.0%)
Revenue from external customers	314.7	338.9	(7.1%)
Operating result before depreciation and amortisation (EBITDA)	28.9	52.6	(45.1%)
EBITDA margin (%)	8.2%	14.4%	
Operating result (EBIT)	5.6	34.1	(83.4%)
EBIT margin (%)	1.6%	9.3%	
Additions to fixed assets	33.2	36.1	(7.9%)
Average number of staff (incl. leased personnel)	2,764	2,771	(0.2%)

to higher price pressure in both segments and also to lower demand in the Industrial segment.

Regarding the development of the Leoben, Fehring, Ansan and Nanjangud sites, which are assigned to the Automotive, Industrial, Medical segment, please refer to Section 3.1 “Plants and branch offices” of the Management Report.

#### Automotive, Industrial, Medical–Development revenue, EBITDA margin

€ in millions/in %



**EBITDA** declined by € 23.7 million or -45.1% to € 28.9 million (previous year: € 52.6 million). This reduction results from uncertainties in the automotive market and lower demand in the industrial sector, and was exacerbated by the impact of the

COVID-19 pandemic in the fourth quarter, which led to temporary underutilisation of the production capacities and a lower operating performance.

The **EBITDA margin** decreased by 6.2 percentage points to 8.2% (previous year: 14.4%).

The operating result (**EBIT**) fell by € 28.4 million or -83.4% to € 5.6 million (previous year: € 34.1 million).

The **EBIT margin** of the Automotive, Industrial, Medical segment, at 1.6%, was below the prior-year value of 9.3% due to the above-mentioned effects.

**Additions to fixed assets** declined by € 2.9 million to € 33.2 million (previous year: € 36.1 million). The additions were related to ongoing expansion, replacement and technology upgrade investments, in particular at the locations in Austria and India.

#### Others segment

The result of the general holding activities included in the Others segment was higher than in the previous year. The embedding technology, which was presented in this segment in the previous year, has now been split up between the Mobile Devices & Substrates and Automotive, Industrial, Medical segments.

#### Others segment – overview

€ in millions (unless otherwise stated)

	2019/20	2018/19	Change in %
Segment revenue	–	5.3	n.a.
Revenue from external customers	–	5.3	n.a.
Operating result before depreciation and amortisation (EBITDA)	7.1	4.0	78.6%
EBITDA margin (%)	–	75.3%	–
Operating result (EBIT)	4.1	2.4	71.3%
EBIT margin (%)	–	45.0%	–
Additions to fixed assets	5.1	3.1	64.6%
Average number of staff (incl. leased personnel)	214	181	18.4%



## 2.4.Assets and financial position

### 2.4.1. ASSETS

#### Increase in non-current assets

Total assets increased by 3.9% to € 1,853.5 million in the financial year 2019/20.

**Non-current assets** increased by € 97.7 million to € 996.0 million. While property, plant and equipment rose by € 125.8 million to € 903.5 million, intangible assets declined by € 15.0 million to € 45.1 million. In property, plant and equipment, additions to assets and technology upgrades of € 247.9 million were offset by depreciation totalling € 125.9 million. Property, plant and equipment as reported in the statement of financial position also includes right-of-use assets of € 25.0 million as a result of the first-time adoption of IFRS 16.

The net change in non-current assets amounted to € 110.7 million or 13.2% to € 948.6 million (previous year: € 837.9 million).

**Current assets** declined by € 28.3 million to € 857.5 million. Cash and cash equivalents recorded a significant increase to € 418.0 million (previous year: € 326.8 million). Financial assets were reduced by € 103.5 million to € 136.2 million. Overall,

AT&S thus has cash and current financial assets totalling € 554.2 million (previous year: € 566.6 million). The increase in inventories of € 23.9 million to € 108.4 million results primarily from increasing raw material inventory levels in China as a preparation measure for COVID-19. Trade receivables, other receivables and contract assets decreased by € 36.6 million to € 192.4 million, which is primarily due to additional factoring activities.

Trade payables rose by € 37.1 million or 28.1% from € 131.9 million to € 169.1 million, including an increase in liabilities from investments of € 31.7 million to € 62.9 million (previous year: € 31.2 million).

#### Significant increase in net gearing

**Equity** decreased by € 43.2 million or -5.4% from € 803.5 million to € 760.3 million. The positive profit for the year increased equity by € 21.5 million, while negative effects of € 30.3 million are due to currency differences from the translation of net asset positions of subsidiaries and from the translation of long-term loans to subsidiaries.

Actuarial losses of € 1.1 million (previous year: loss of € 5.8 million) resulting from the parameters used for the calculation of personnel expenses and the interest expense for the hybrid bond of € 8.3 million also reduced equity.

The dividend led to a reduction in equity of € 23.3 million.

#### Net working capital

€ in millions (unless otherwise stated)

	31 Mar 2020	31 Mar 2019	Change in %
Inventories	108.4	84.5	28.3%
Trade receivables and contract assets	134.5	180.4	(25.4%)
Trade payables	(169.1)	(131.9)	(28.1%)
Liabilities from investments	62.9	31.2	>100%
<b>Working capital trade</b>	<b>136.7</b>	<b>164.1</b>	<b>(16.7%)</b>
Other current assets, payables, provisions	7.7	(3.6)	>100%
<b>Net working capital</b>	<b>144.4</b>	<b>160.5</b>	<b>(10.0%)</b>
Net working capital in % of total revenue	14.4%	15.6%	
Days outstanding (in days):			
Inventories	44	36	22.2%
Receivables	49	64	(23.4%)
Payables	66	66	-

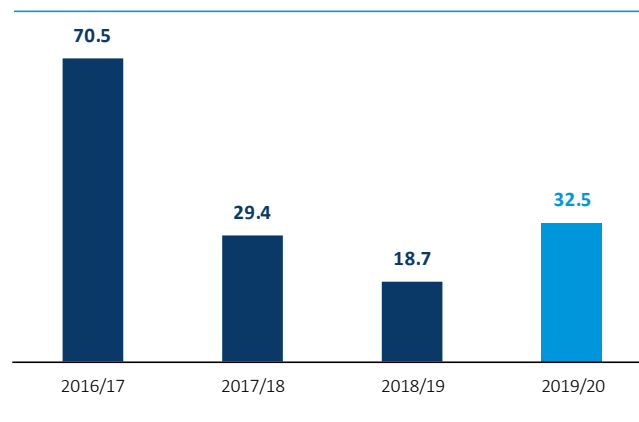
Non-current financial **liabilities** rose by € 16.8 million or 2.5% to € 695.8 million. The initial application of IFRS 16 led to an increase of € 21.6 million. Furthermore, another promissory note loan was concluded in the past financial year. The cash inflow resulting from the promissory note loan transaction was in part used to optimise and repay financial liabilities carrying higher interest rates. The remaining cash was invested for the short term and is consequently recognised under cash and cash equivalents or under financial assets.

Current financial liabilities increased from € 38.0 million to € 105.3 million.

**Net debt** rose by € 96.4 million or 64.2% to € 246.7 million (previous year: € 150.3 million), which resulted primarily from the increase in financial liabilities.

**Net gearing** rose to 32.5% thus exceeding the prior-year level of 18.7%.

#### Net gearing in %



## 2.4.2. FINANCING

The focus of the financial year 2019/20 was on financing the capital requirements of the coming years early in order to benefit from the currently favourable financing environment in the long term. To this end, a credit line of an aggregate volume of € 300 million as part of an OeKB equity financing programme and a promissory note loan of an aggregate volume of € 80 million were concluded very successfully.

In addition to that, several smaller financing transactions were carried out and the financing structure was optimised further.

#### Net debt

€ in millions (unless otherwise stated)

	31 Mar 2020	31 Mar 2019	Change in %
Financial liabilities, current	105.3	38.0	>100%
Financial liabilities, non-current	695.8	679.1	2.5%
<b>Gross debt</b>	<b>801.1</b>	<b>717.1</b>	<b>11.7%</b>
Cash and cash equivalents	(418.0)	(326.8)	(27.9%)
Financial assets	(136.4)	(239.9)	43.1%
<b>Net debt</b>	<b>246.7</b>	<b>150.3</b>	<b>64.2%</b>
Operating result before interest, tax, depreciation and amortisation (EBITDA)	194.5	250.1	(22.2%)
Net debt/EBITDA ratio	1.3	0.6	
Equity	760.3	803.5	(5.4%)
Total consolidated statement of financial position	1,853.5	1,784.1	3.9%
Equity ratio (%)	41.0%	45.0%	
Net gearing (net debt/equity) (%)	32.5%	18.7%	

### Financing is based on a four-pillar strategy

The financing of AT&S is based on a four-pillar strategy, which aims to minimise dependence on individual financing instruments. Based on the prevailing financial market conditions, individual areas can be expedited more strongly or, as the case may be, not used at times.

The first pillar is based on long-term, **fixed-interest-bearing retail bonds**. Their advantage lies in their high predictability and security for the company as they carry fixed interest rates and are non-redeemable. However, their higher placement and financing costs are a disadvantage. No standard retail bond is issued at present.

The importance of **promissory note loans** as a key financing pillar did not change in the financial year 2019/20. The advantages of promissory note loans are their high level of predictability and their low placement costs. Due to these advantages, AT&S intends to also promote this form of financing in the future.

At 31 March 2020, promissory note loans totalling € 596.4 million (previous year: € 598.5 million) were placed with several national and international investors. The remaining terms range between 7 months and about 9 years.

**Bank loans** are used as the third pillar. As of 31 March 2020, loans totalling € 179.8 million had been taken out with national and international banks (previous year: € 118.5 million). They predominantly carry fixed interest rates and have maturities between 1 and 7 years.

The fourth pillar consists of **credit lines**, which serve to cover liquidity fluctuations and as a financing reserve. At the reporting date, AT&S had unused credit lines of € 490.4 million (previous year: € 187.3 million) in the form of contracted loan

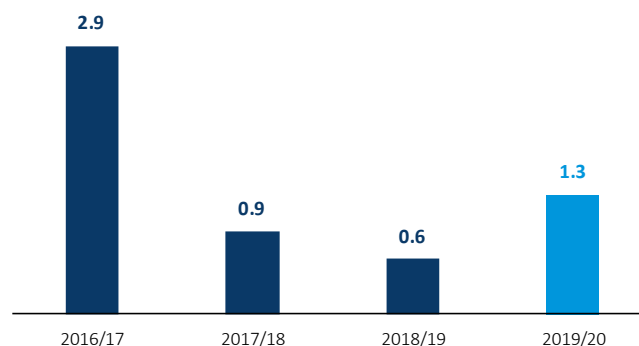
commitments made by banks. At 31 March 2020, AT&S had only used 61.7% (previous year: 79.7%) of its contracted financing potential and still possesses sufficient financial reserves in addition to cash and cash equivalents.

One of the most important tasks of the AT&S treasury function is to ensure sufficient liquidity reserves. Treasury also monitors the covenants defined in the credit agreements to ensure that these covenants are met. AT&S pursues the goal of standardising credit agreements in order to treat all lenders equally.

### Low repayment period and high equity ratio

The theoretical repayment period for debts, defined as net debt/EBITDA, of 1.3 years was significantly lower than the maximum of 3.0 years defined by AT&S. It increased in the past financial year (previous year: 0.6 years).

Net debt/EBITDA



### Instruments

€ in millions

	31 Mar 2020	in %	31 Mar 2019	in %
Promissory note loans	596.4	47.1%	598.5	66.2%
Bank borrowings	179.8	14.2%	118.5	13.1%
<b>Gross debt</b>	<b>776.2</b>	<b>61.3%</b>	<b>717.0</b>	<b>79.3%</b>
Credit lines	490.4	38.7%	187.3	20.7%
<b>Committed credit lines</b>	<b>1,266.5</b>	<b>100.0%</b>	<b>904.4</b>	<b>100.0%</b>

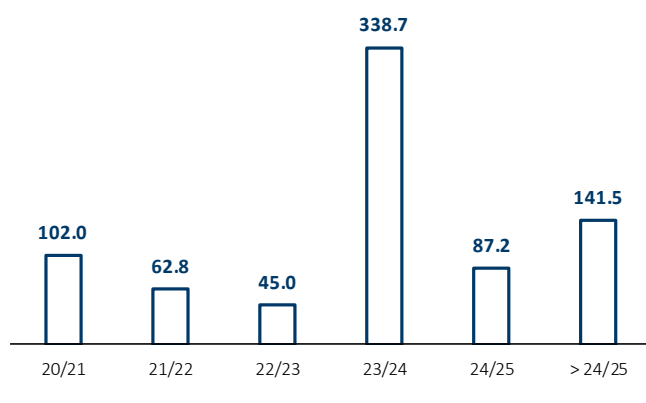
The equity ratio decreased from 45.0% in the previous year to 41.0%; however, it still exceeded the target value of 40.0%. For further information regarding capital risk management, please refer to Note 19 “Additional disclosures on financial instruments” – subsection Capital Risk Management – in the notes to the consolidated financial statements.

AT&S pursues a financing structure that is as balanced as possible, with an average duration. At the reporting date, the duration was 3.2 years and thus slightly less than in the previous year (3.7 years).

The repayment structure shows a high amount in the year 2023/24 due to the repayment of parts of the promissory note loan and bank loans of € 338.7 million. AT&S strives to finance capital requirements early and has liquidity reserves of € 1,044.8 million at 31 March 2020 (previous year: € 754.1 million), which consist of financial resources and unused credit facilities.

#### Redemption

€ in millions



#### Treasury key data

	Covenant <sup>1)</sup>	Target <sup>2)</sup>	31 Mar 2020	31 Mar 2019
Net debt/EBITDA ratio	<4,0	<3,0	1.3	0.6
Equity ratio	>35 %	>40 %	41.0%	45.0%

<sup>1)</sup> Covenants are limits included in old credit agreements which the actual figures should not exceed (Net debt/EBITDA) or undercut (equity ratio).

<sup>2)</sup> Target values are limits defined by AT&S which the actual figures, under normal circumstances, should not exceed (Net debt/EBITDA) or undercut (equity ratio).

#### Effective interest and currency management

**Minimising interest rate risk** by predominantly using fixed interest rates was defined as another treasury objective. 68.0% (previous year: 76.9%) of financing is conducted at or was swapped to fixed interest rates and only 32.0% (previous year: 23.1%) is based on variable interest rates.

Strategies for hedging interest rates are defined quarterly based on interest rate expectations and adapted as necessary. Compared with the previous year, the share of fixed interest rates declined slightly. Overall, AT&S is well protected against a possible turnaround or an increase in interest rates in the euro area.

AT&S also intends to invest available liquid funds **profitably but risk-sensitively**. At 31 March 2020, AT&S had financial resources totalling € 554.2 million (previous year: € 566.6 million). The aim is to achieve the highest possible yields in an environment that is currently very challenging from an investor perspective and to avoid negative interest by optimising the terms of investment and early conversion of liquid funds into currencies with higher interest rates and which are also continually required by AT&S.

Early conversion into foreign currencies also serves as a natural **currency hedge** and a reduction of the exposure to foreign currencies. The objective of AT&S is to keep the US dollar net risk position at a minimum. At 31 March 2020, assets denominated in US dollar (trade receivables, financial assets and cash denominated in US dollar) amounting to € 243.1 million (previous year: € 270.5 million) were offset by liabilities denominated in US dollar (trade payables and financial liabilities denominated in US dollar) amounting to € 58.3 million (previous year: € 43.3 million). The resulting net risk position – at 31 March 2020 this was an active balance of € 184.8 million (previous year: € 227.2 million) – thus amounted to 10.0% (previous year: 12.7%) of the Group’s total assets and liabilities.

In addition to this natural hedging and the above-mentioned instruments for interest rate hedging, AT&S occasionally hedges foreign currency transaction risks in the short term (up to one year).

Currency translation risks resulting from the conversion of subsidiaries with different local currencies are not hedged.

### Securing the financing network

The final treasury objective consists of optimised relationship management with financing partners. AT&S considers this to be the selection of banks for national and international cooperation as well as setting up and maintaining the communication necessary for both sides. The aim is to create a high level of transparency regarding the opportunities and risks of AT&S in order to strengthen a long-term partnership with the financing institutions which is successful for both sides. The annual and quarterly reports serve as the basis for this.

In addition, meetings with our financing bank partners in which the opportunities for cooperation are discussed take place at least once a year.

## 2.4.3. CASH FLOW

### Earnings situation boosts liquidity

**Cash flow from operating activities before changes in working capital** dropped from € 206.0 million to € 165.4 million. This decrease is primarily attributable to the decline in the operating result from € 117.2 million to € 47.4 million. Interest payments declined by € 1.6 million to € 12.0 million (previous year: € 13.6 million), primarily due to better terms and conditions in the promissory note loans. The interest received reflects the currently very difficult market environment for investments in euros, but nevertheless increased by € 1.8 million to

€ 6.7 million (previous year: € 4.9 million) due to the higher investment volume. In contrast, income taxes paid fell by € 15.3 million to € 13.5 million (previous year: € 28.8 million).

**Cash flow from operating activities** improved to € 185.1 million (previous year: € 170.5 million). The increase in trade payables and other liabilities of € 5.7 million and the increase in cash flow from trade and other receivables and contract assets of € 38.2 million were offset by changes in inventories of € -25.5 million.

Capital expenditures for property, plant and equipment and for intangible assets of € 218.6 million were substantially higher than in the previous year (€ 100.9 million). The main outflows resulted from expansion, replacement and technology upgrades in Chongqing, Shanghai and Austria.

Free cash flow from operating activities, i.e. cash flow from operating activities less net investments in property, plant and equipment and for intangible assets amounted to € -33.4 million in the financial year 2019/20 (previous year: € 69.7 million). AT&S thus managed to fund the high level of investment activities independently.

While the outflow for the acquisition of property, plant and equipment of € 100.9 million in the previous year rose to € 218.6 million in the financial year 2019/20, a net inflow to financial assets (due to the reduction of remaining terms) of € 101.9 million was recorded (previous year: net outflow of € 175.7 million). As a result, **cash flow from investing activities**, at € -116.6 million, was below the prior-year level of € -276.6 million.

**Cash flow from financing activities** amounted to € 17.9 million, down € -129.3 million on the prior-year value of € 147.2 million.

### Carrying amount of financial liabilities by maturity

€ in millions

	31 Mar 2020	in %	31 Mar 2019	in %
Remaining maturity				
Less than 1 year	105.3	13.1	38.0	5.3%
Between 1 and 5 years	554.6	69.2	532.6	74.3%
More than 5 years	141.2	17.6	146.5	20.4%
<b>Total financial liabilities</b>	<b>801.1</b>	<b>100.0</b>	<b>717.0</b>	<b>100.0%</b>

This was primarily attributable to the cash inflow from borrowings of € 77.9 million and the repayment of financial liabilities of € -30.1 million, the dividend payment of € -23.3 million and the hybrid coupon payment of € -8.3 million.

Free cash flow, i.e. cash flow from operating activities plus cash flow from investing activities, amounted to € 68.5 million, up € 174.5 million on the prior-year value of € -106.0 million. € 277.6 million of the year-on-year change resulted from the investment and returns on the investment of cash and cash equivalents, which were offset by an increase in investment activity of € 117.7 million and lower cash flow from operating activities.

### Substantial liquidity available for repaying existing financing and further investments

Despite very high levels of investment, cash and cash equivalents increased from € 326.8 million to € 418.0 million due to a stable, high level of cash flow from operating activities and the above-mentioned financing and investment measures. Moreover, AT&S has current financial assets of € 136.2 million (previous year: € 239.8 million).

Overall, AT&S thus has cash and current financial assets totalling € 554.2 million (previous year: € 566.6 million). This amount, which is currently very high, serves to secure the financing of the future investment programme and short-term repayments.

## 2.4.4. PERFORMANCE INDICATORS

### Indicators demonstrate strong operating performance

In addition to revenue and EBITDA, AT&S uses the indicators ROCE and IRR for strategic corporate management. They reflect the operating performance vis-à-vis investors and customers.

AT&S uses return on capital employed (ROCE) to measure its operating performance from the point of view of investors, using the ratio of the result adjusted for finance costs – net and average capital employed. This ratio serves to derive the extent to which AT&S fulfils its investors' interest requirements. Average capital costs are derived from the minimum return investors expect for providing equity or borrowings. The weighted average cost of capital (WACC) for the printed circuit board industry was around 8.7% before the COVID-19 pandemic. With ROCE amounting to 2.8%, AT&S was below this level in the reporting period.

ROCE deteriorated year-on-year due the decline in EBIT, which was offset by higher average capital employed of € 980.4 million (previous year: € 937.2 million).

The second performance indicator is related to the ability to implement innovations in a timely manner and in response to the market. AT&S measures this ability using the innovation revenue rate (IRR), which expresses the revenue share of products that feature new and innovative technologies and which have been launched on the market in the last three years. For the financial year 2019/20 the IRR is 30.8% compared with 35.3% in the previous year. AT&S strives for a medium-term

### Cash flow statement (short version)

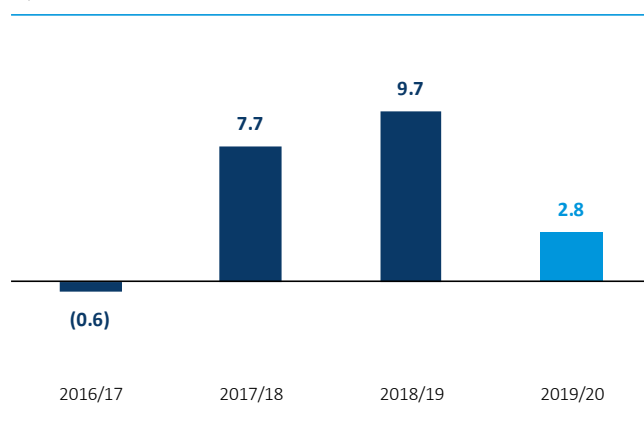
€ in millions

	2019/20	2018/19	Change in %
Cash flow from operating activities before changes in working capital	165.4	206.0	(19.7%)
Cash flow from operating activities	185.1	170.5	8.6%
Cash flow from investing activities	(116.6)	(276.6)	57.8%
Operating free cash flow	(33.4)	69.7	(>100%)
Free cash flow	68.5	(106.1)	>100%
Cash flow from financing activities	17.9	147.2	(87.8%)
Change in cash and cash equivalents	86.4	41.2	>100%
Currency effects on cash and cash equivalents	4.7	15.0	(68.6%)
<b>Cash and cash equivalents at end of the year</b>	<b>418.0</b>	<b>326.8</b>	<b>27.9%</b>

average IRR of at least 20%. This target was significantly exceeded in the financial year 2019/20.

#### ROCE

in %



## 2.5. Significant events after the reporting period

With regard to significant events after the balance sheet date, reference is made to the notes to the consolidated financial statements (Note 26 "Significant events after the balance sheet date").

#### Return on capital employed (ROCE)

€ in millions

	2019/20	2018/19	Change in %
Operating result (EBIT)	47.4	117.2	(59.6%)
Income taxes <sup>1)</sup>	(19.5)	(26.2)	25.6%
<b>Operating result after tax (NOPAT) <sup>1)</sup></b>	<b>27.9</b>	<b>91.0</b>	<b>(69.3%)</b>
Equity – average	781.9	757.4	3.2%
Net debt – average	198.5	179.8	10.4%
<b>Capital employed – average</b>	<b>980.4</b>	<b>937.2</b>	<b>4.6%</b>
<b>ROCE <sup>1)</sup></b>	<b>2.8%</b>	<b>9.7%</b>	

<sup>1)</sup> 2018/19 adjusted taking into account IAS 12 revised

#### Innovation Revenue Rate (IRR)

€ in millions

	2019/20	2018/19	Change in %
Main revenue	1,000.4	1,027.8	(2.7%)
Main revenue generated by innovative products	308.6	362.5	(14.9%)
<b>IRR</b>	<b>30.8%</b>	<b>35.3%</b>	

## 3. OTHER STATUTORY INFORMATION

### 3.1. Plants and branch offices

The AT&S Group currently operates six production plants, which specialise in different technologies.

#### Leoben and Fehring

The Austrian plants primarily supply the European market and increasingly also the American market. In Europe, short lead times, special applications and customer proximity are particularly important. The plant in Leoben continued to pursue the path of niche and prototype production started in recent years. Among other things, the production of the embedding technology is based in Leoben. Several important projects were qualified with renowned customers in the financial year 2019/20 and are about to enter mass production. In addition, investments were made in the expansion of the core line in order to provide capacities for the Chongqing plant on the one hand and to secure the future technologies on the other. The plant in Fehring successfully completed its extension and all customer qualifications of the new production hall. A stronger focus on specific applications and markets helped create synergies with other sites (Leoben and Nanjangud) and improve the product mix. As a result, high-end printed circuit boards (HDI/HF technology) can be manufactured at the Fehring site for the Industrial, Medical and Automotive segments.

#### Shanghai

The plant in Shanghai manufactures leading-edge HDI (high density interconnection) printed circuit boards in serial production for the Mobile Devices & Substrates segment for customers all over the world. The plant was able to successfully meet the demand for HDI and mSAP printed circuit boards and has established itself as a leading supplier of the latest technology generation. The plant's broad technological spectrum was very well received by customers and the plant was continuously operating at capacity during the peak season months. Strong demand for HDI printed circuit boards continued at a stable level in 2019/20; these were produced for the Automotive, Industrial, Medical segment.

#### Chongqing

At present, two plants for high-end products are operated in

Chongqing. The plant for IC substrates (integrated circuit substrates) is currently undergoing full expansion and capacity has increased as planned. The plant operated at capacity throughout the year. As demand for IC substrates is increasing for the application in high-performance computer modules, construction of an additional plant began in the financial year 2019/20, and is scheduled to start production at the end of 2021. High-end mSAP printed circuit boards are manufactured at the plant for mobile applications. The production of printed circuit boards for modules started at the site during the financial year 2019/20. Capacity at the plant is being continuously expanded in order to meet growing customer demand in the high-end segment.

#### Ansan

The very positive development of the site in Korea continued in the financial year 2019/20, in particular in the medical technology segment for European and American customers. In December 2019, the expansion of the plant began on the neighbouring premises, which had been acquired in the previous year. Completion is scheduled for the fourth quarter of the financial year 2020/21.

#### Nanjangud

The site continued its positive development in terms of the further technical developments regarding market and customer requirements in the financial year 2019/20. Due to the long qualification times for HF and HDI products, this development is not yet reflected in revenue; however, a significant shift in the product mix towards higher-value technologies is already noticeable and will continue to be a strong focus. The temporary closure in mid-March caused by COVID-19 cases in the vicinity of the plant and the region being designated a lockdown area, had no material impact on revenue due to the prestart situation.

#### Hong Kong

The Hong Kong-based company AT&S Asia Pacific is the holding company for the Mobile Devices & Substrates segment – hence, for the Chinese plants and the allocated sales companies – and the headquarters of Group-wide procurement for this segment. Customers' proximity to the CEMs and to suppliers is a



locational advantage which is highly valued by business partners.

The **sales support companies** in America, Germany, Japan and Taiwan continued to ensure good and close contact with customers in the financial year 2019/20.

## 3.2. Shareholder structure and disclosures on capital (disclosures pursuant to § 243a UGB)

### Capital share structure and disclosure of shareholder rights

As of the reporting date at 31 March 2020, the Company's ordinary shares amount to € 42,735,000 and are made up of 38,850,000 no-par value shares with a notional value of € 1.10 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equalling one voting right. All shares are bearer shares.

Significant direct and indirect shareholdings in the Group parent company AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, which at the reporting date amount to at least 10%, are presented below: [see table below](#).

At the reporting date of 31 March 2020, roughly 64.68% of the shares were in free float. With the exception of the shareholdings stated below, no other shareholder held more than 10% of the voting rights in AT&S. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

No special provisions exist on the appointment and dismissal of members of the Management Board and the Supervisory Board.

The contracts of all Management Board members include a "Change of Control" clause. Such a change of control exists in the event that a shareholder of the company has obtained control of the company in accordance with Section 22 of the Austrian Takeover Act (ÜbG) by holding at least 30% of the voting rights (including the voting rights of third parties attributable to the shareholder pursuant to the Austrian Takeover Act), or the company has been merged with a non-Group legal entity, unless the value of the other legal entity amounts to less than 50% of the value of the company according to the agreed exchange ratio. In this case, the Management Board member is entitled to resign for good cause and terminate the Management Board contract at the end of each calendar month within a period of six months after the change of control takes legal effect, subject to a notice period of three months ("special termination right"). If the special termination right is exercised or the Management Board contract is terminated by mutual agreement within six months of the change of control, the Management Board member is entitled to the payment of their remuneration entitlements for the remaining term of this contract, however, for a maximum of three annual gross salaries. Other remuneration components shall not be included in the calculation of the amount of the severance payment and shall be excluded from it.

By resolution passed at the Annual General Meeting on 4 July 2019, the Management Board is authorised until 3 July 2024 to increase the Company's ordinary shares, subject to the approval of the Supervisory Board, by up to € 21,367,500 by way of issuing up to 19,425,000 new, no-par value bearer shares, for contributions in cash or in kind, in one or several tranches, also by way of indirect subscription rights, after having been taken over by one or more credit institutions in accordance with Section 153 (6) of the Austrian Stock

#### Significant direct and indirect shareholdings

Shares/in %	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Vienna, Austria	6,902,380	17.77%	17.77%
Androsch Privatstiftung: Vienna, Austria	6,819,337	17.55%	17.55%

Corporation Act (AktG). The Management Board is authorised, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights and to determine the detailed terms and conditions of issue (in particular the issue amount, subject of the contribution in kind, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory Board is authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

Furthermore, the Management Board was authorised by the Annual General Meeting until 3 July 2024, subject to the approval of the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000 and to grant to bearers of convertible bonds conversion rights and/or subscription rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the convertible bond terms and conditions to be defined by the Management Board. The Management Board was authorised, subject to approval of the Supervisory Board in accordance with the provisions of the Stock Corporation Act, to determine issue and technical characteristics as well as the terms and conditions of the convertible bonds (in particular interest rate, issue amount, term and denomination, dilution protection provisions, conversion period, conversion rights and obligations, conversion ratio and conversion price). Furthermore, the Management Board was authorised to fully or partially exclude shareholders' subscription rights to the convertible bonds.

In addition, the Company's ordinary shares were conditionally increased by up to € 21,367,500 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with Section 159 (2) No. 1 of the Austrian Stock Corporation Act (AktG). This conditional capital increase will only be carried out if the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 4 July 2019 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. The Management Board was authorised to determine, subject to approval from the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights).

The following definition of amount in accordance with the aforementioned authorisations is to be observed: the sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000 (limitation of authorised amount).

The Articles of Association were amended in accordance with the resolutions on approved capital and conditional capital and on the convertible bonds in § 4 (Nominal capital).

### Treasury shares

At the 25th Annual General Meeting on 4 July 2019, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution, treasury shares to an extent of up to 10% of the nominal share capital. Furthermore, the Management Board was authorised, for a period of five years, i.e. up to and including 3 July 2024, subject to approval of the Supervisory Board and without any further resolution by the Annual General Meeting, to sell treasury shares by means other than via the stock exchange or a public offering, in particular to serve employee stock options, convertible bonds or as a consideration for the acquisition of companies or other assets and to use them for any other legal purpose.

The company held no treasury shares as of 31 March 2020.

There are no off-balance sheet transactions between AT&S and its subsidiaries.

AT&S neither has granted any loans nor has it assumed any liabilities in favour of board members.

For further information, reference is made to the notes to the consolidated financial statements (Note 21 "Share capital" as well as Note 15 "Financial liabilities").

The Company's Corporate Governance Report pursuant to Section 243b of the Austrian Commercial Code is available at <http://www.ats.net/company/corporate-governance/reports/>.

### **3.3. Non-financial statement**

In accordance with Section 243b (6) UGB (Austrian Commercial Code), the company is exempt from the obligation to prepare a non-financial statement in the Management Report since a separate non-financial report has been drawn up. This non-financial report is included in the Annual Report 2019/20 as a separate chapter.

## 4. RESEARCH AND DEVELOPMENT

### Structured development of technological opportunities

In the past financial year AT&S once again focused its research and development activities on exploring opportunities arising from the current transformation towards modularisation in the electronics industry and the resulting change in the value chain in order to gradually live up to the claim "More than AT&S". The ongoing projects in this context can be allocated to four main development programmes:

**Miniaturisation and functional integration:** Not only are electronic devices continuously getting smaller and lighter, they are also increasingly powerful and fulfil more and more functions. The task of AT&S is to create the basis for this development. To do so, the company is working on technologies which increase trace density and reduce the thickness of the systems. Another field of research covers technologies enabling the direct integration of electronic components into printed circuit boards and substrates, increasing the packaging density and efficiency of the overall system.

**Fast signal transmission:** As digitalisation progresses, driven by improved data transmission possibilities (5G), the data volume to be processed will increase significantly in the coming years. Electronic systems working at higher frequencies (e.g. communication modules for 5G, radar systems for cars) require new solutions for the interconnect technology. Based on development projects in this area AT&S ensures that the products transmit signals fast, precisely and with minimal losses.

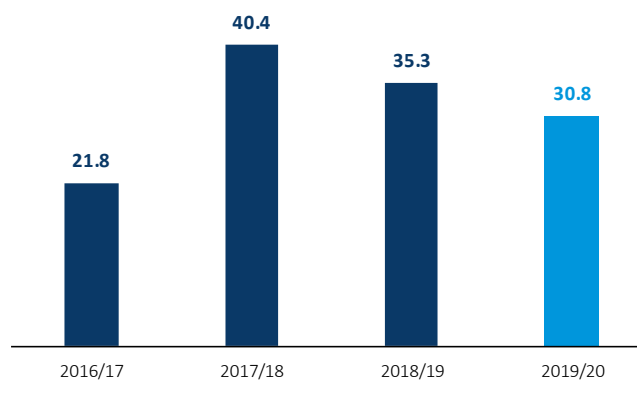
**Performance and performance efficiency:** In view of the sustainability endeavours, there is currently a strong trend towards alternative forms of propulsion in mobility, in particular towards electric mobility. At the same time, mechanical solutions are increasingly replaced by energy-saving electronic solutions in the automotive sector. AT&S focuses its development activity on systems which enable optimum power supply with the lowest electrical losses in vehicles, can switch and transmit high loads and may even be able to produce energy in the future.

**Manufacturing of the future:** Industrial production processes will change fundamentally in the decades to come. The processes will increasingly be organised using artificial intelligence (AI), and sustainability will also play a key role: the manufacturing of products must involve minimum consumption of natural resources, be highly reliable and enable the reuse of the materials employed. AT&S is working on new solutions which allow efficient and flexible manufacturing with minimum resource consumption (material, water, energy, etc.). To this end, large data volumes are put to use via digitalisation in order to optimise and improve production processes as well as product properties and quality, and new solutions enabling the sparing use of resources in production are developed.

### Innovation rate still high

The innovation revenue rate (IRR) measures the impact of the innovative strength of a company. It describes the share in revenue AT&S generates with innovative products launched on the market in the past three years. Generally speaking, the IRR is higher in the years following the successful implementation of new technologies and lower in the development phase of new technologies (i.e. during the phase before their market launch).

Innovation Revenue Rate (IRR)  
in %



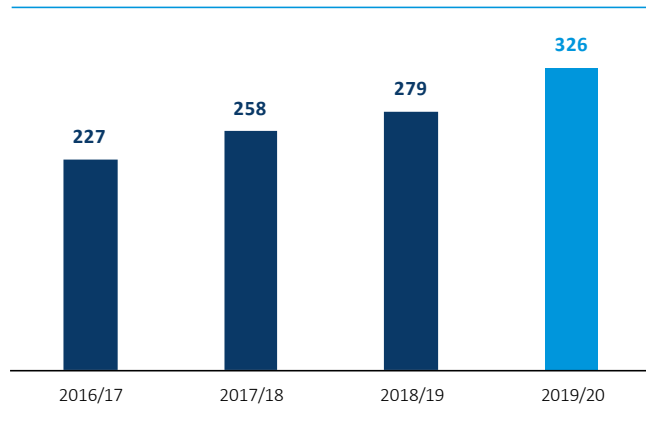
AT&S strives for a mean annual IRR of at least 20%. In the past financial year, the IRR was still relatively high at 30.8% despite numerous technology introductions in the past years (e.g. mSAP and substrates). At the same time, AT&S will also be in a very

intensive phase of technology development and implementation in the future.

AT&S is currently concentrating on new technologies for the production of more powerful and energy-efficient substrates for computer processors. Another focus is on technologies for the production of modules (electronic units for specific tasks connecting several components with each other) and new solutions for the 5G wireless standard.

The innovative strength and long-term competitiveness of a company are also reflected in the number and quality of its patents: AT&S submitted a total of 61 new patent applications in the financial year 2019/20. At present, AT&S has 343 patent families, which result in 326 granted patents. The IP portfolio is further strengthened by externally acquired licenses, in particular in the area of embedding technology.

**Number of patents granted**

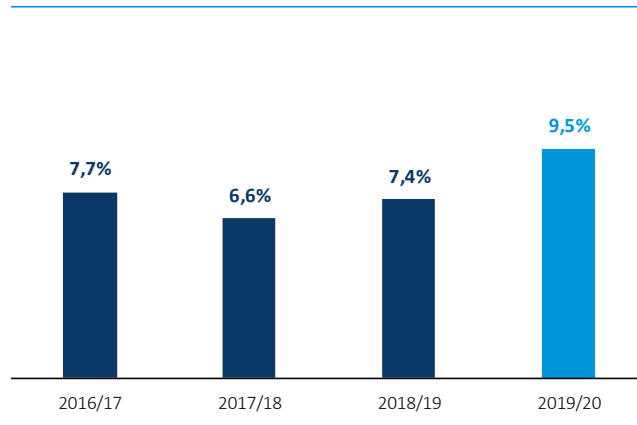


**R&D expense: 9.5% of revenue**

The costs of research and development projects totalled € 94.8 million in the financial year 2019/20. This corresponds to a research rate (i.e. ratio to revenue) of 9.5% compared with 7.4% in the previous year. Based on this continuously high research rate, AT&S is securing its position as the technology leader for the years to come.

**Research rate**

i. e. ratio to revenue



**Development centres in Leoben and Chongqing**

AT&S ensures efficiency in development among other things by closely collaborating with customers, suppliers and research institutions worldwide.

Internally, AT&S pursues a two-level innovation process. In a first step, opportunities are identified, ideas are examined for their development potential, novel concepts are developed and reviewed for their general feasibility. This level corresponds to applied research and technology evaluation.

Subsequently, it is the task of the local technology development and implementation departments at the AT&S sites to continue the experimental development of processes and products and to integrate them into the existing production process.

In the past financial year, AT&S upgraded the development unit in Chongqing into a development centre. To this end, the set-up of the prototype line, which had already begun, was expanded for new processes. Moreover, a multi-year set-up plan for a high-end prototype line was designed, covering nearly all process steps for the production of high-end substrates and advanced packages.

The development centre in Leoben was also further strengthened. Currently, several new technologies are added to the technical development capacities. Some of these devices enable the analysis of production processes that are entirely

new to the industry, such as physical separation processes or photopatternable dielectric materials. These activities ensure that AT&S will continue to convince customers with new concepts in the core development areas as a technology leader in the years to come.

### Key development projects

In the past financial year, R&D activities focused on the development of the next substrate and packaging technology. At the locations in Chongqing and Leoben, several technology components are currently in the implementation phase. The main development activities consisted of the conceptual design and specification of the required production machines, which frequently have to be adapted to individual needs in cooperation with the suppliers. Concepts based on which technology components can also be used for the generation after next are already being developed in parallel in this area.

Intensive work on projects for the new mobile communication standard 5G continued, with one of the focus areas being the development of system solutions specifically for the second generation of the 5G standard, which uses radio frequencies in the mm-wave-length range (25-30GHz). Here, entirely new printed circuit board and interconnect systems have to be developed to keep losses as low as possible. In doing so, AT&S is working with important companies along the value chain and with customers.

Developments in power electronics are currently driven by electromobility. AT&S is developing innovative new electronic systems in this area that consume very little energy and can work with high currents and high voltages. This is made possible by using the embedding technology, which allows optimal cooling and electric connection of the components, resulting in electrically efficient and highly reliable systems and modules. In the development for this area, a special focus was placed on the analysis of new performance semiconductors and on exploring them in cooperation with international partners.

### Cooperation with research institutions

In the past financial year, the national and international collaboration with research institutions was further intensified. The University of Chongqing (Chongqing, China), East China

University of Science and Technology (Shanghai, China), Virginia Tech (Blacksburg, Virginia, USA) and Silicon Austria Labs (Graz, Austria) joined the list of our most important research partners.

# 5. OPPORTUNITIES AND RISKS

## 5.1. Opportunities and risk management

### STRUCTURE AND INSTRUMENTS

Opportunities and risk management is a fundamental part of conducting business within the AT&S Group. The objective of increasing enterprise value involves not only opportunities but also risks. Since decisions are usually made under uncertainty, it is the task of risk management to identify risks or negative deviations at an early stage and deal with them in a proactive manner. Therefore, AT&S operates a Group-wide Risk

Management (RM) system in accordance with the Austrian Code of Corporate Governance (ACCG), an Internal Control System (ICS) in accordance with COSO standards, as well as Internal Audit based on the IIA standard.

From an organisational perspective, Risk Management, Internal Control System and Internal Audit functions fall within the responsibility of the CFO. The Group Risk Manager reports quarterly to the full Management Board at a Management Board meeting. The Supervisory Board is included within the framework of the Audit Committee meeting, which takes place at least twice a year. The proper functioning of the risk management system is assessed annually by the external

#### AT&S RISK MANAGEMENT PROCESS



**\_Risk strategy**  
defined by the Management Board and process owners.

**\_Risk identification**  
Group-wide survey with subsequent evaluation. Immediate reporting of significant new risks ( $\geq 3$ ).

**\_Risk evaluation**  
consistent Group-wide evaluation of all risks with respect to their monetary impact, probability of occurring, and resulting risk rating of 1 (low) to 6 (critical).

**\_Aggregation & reporting**  
aggregation and regular reports on all significant risks (risk level  $\geq 3$ ) to the Management Board and Audit Committee by the Risk Manager.

**\_Risk mitigation & monitoring**  
in accordance with defined reporting and decision levels (based on risk level, see Figure 2).

**\_Risk management software**  
Group-wide for risks and ICS controls.

Figure 1: AT&S Risk Management Process

#### AT&S RISK LEVELS AND RISK CONTROLLING

RISK LEVEL	RISK CONTROLLING	PROCESS
6	SUPERVISORY BOARD	RM
5		
4	MANAGEMENT BOARD	
3	BU MANAGEMENT	
2	PLANT MANAGEMENT	
1	PROCESS MANAGEMENT	

**\_Risk exposure & risk level**  
The AT&S risk levels are derived from operating cash flow and the equity ratio as an indicator of the risk capacity of the Group.

**\_Risk mitigation**  
clear assignment of responsible decision levels based on risk level (see left).

**\_ICS & RM**  
management of process risk (risk level 1–2) supported by the internal control system. At Group level, relevant risks (risk level  $\geq 3$ ) are managed and reported through the risk management process.

RM: Risk Management; ICS: Internal Control System; BU: Business Unit  
Figure 2: AT&S Risk Levels and Risk Controlling

auditor in the course of the annual audit of financial statements pursuant to Rule 83 ACCG.

The risk management process shown in Figure 1 is conducted at least twice a year.

Risk management is conducted based on the risk strategy and risk exposure at the hierarchy level assigned to the relevant level of risk (see Figure 2).

### RISK MANAGEMENT IN 2019/20

In the financial year 2019/20, risk management focused on the evaluation and selection of a software-based GRC solution alongside the management of risks arising from operating business. The objective of this further development is to strengthen the links between governance, risk and compliance processes and to use synergies. The implementation of this tool will start in the financial year 2020/21.

The integration of non-financial risk management into the Group-wide risk management system was another focus in the financial year 2019/20. The goal was to identify and assess risks related to the environment, social matters and responsible management in line with Group-wide risk management.

## 5.2.Explanation of individual risks

The risks, uncertainties and opportunities facing the Group are generally based on worldwide developments in the printed circuit board and substrate market and the Group’s own operating performance. An overview of the AT&S risk categories, significant individual risks, risk mitigation measures and the expected trend in the coming year is shown in Figure 3 and explained in further detail below.

Risk category	Significant risks & opportunities	Trend	Risk mitigation & opportunity realisation
<b>STRATEGY</b>	<ul style="list-style-type: none"> <li>Sales price development</li> <li>Capacity utilisation</li> <li>Technology development</li> <li>Investments</li> </ul>		<ul style="list-style-type: none"> <li>Consistent focus on high-end technologies &amp; target applications</li> <li>Customer proximity and early customer contact</li> <li>Technology development projects &amp; technology roadmap</li> <li>Market analysis, strategy review and adaption</li> </ul>
<b>MARKET</b>	<ul style="list-style-type: none"> <li>Market and segment development</li> <li>Development of key customers</li> <li>Sales strategy and implementation</li> </ul>		<ul style="list-style-type: none"> <li>Balanced segment portfolios and diversification of the customer portfolio</li> <li>New customer acquisition &amp; share increases with existing customers</li> <li>Consistent acquisition of defined target applications</li> </ul>
<b>PROCUREMENT</b>	<ul style="list-style-type: none"> <li>Development of procurement prices</li> <li>Single-source risk</li> </ul>		<ul style="list-style-type: none"> <li>Procurement strategy (negotiation, allocation, technical changes)</li> <li>Supplier risk assessment &amp; multi-sourcing</li> </ul>
<b>BUSINESS ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>Confidentiality breach</li> <li>Catastrophe, fire</li> <li>Political risk</li> <li>Pandemic</li> </ul>		<ul style="list-style-type: none"> <li>Increased security level based on the implementation of an information security management system (ISO 27001)</li> <li>Internal &amp; external audits, emergency practice</li> <li>Business continuity management</li> <li>Containment actions (e.g. protective measures, distancing regulations, remote working)</li> </ul>
<b>OPERATIONS</b>	<ul style="list-style-type: none"> <li>Quality performance</li> <li>Intellectual property</li> <li>Project management</li> <li>Operating costs</li> </ul>		<ul style="list-style-type: none"> <li>Black Belt programme, continuous quality improvement measures</li> <li>Continuous expansion and protection of the IP portfolio</li> <li>Rigorous project management</li> <li>Cost reduction and efficiency enhancement programmes at all sites</li> </ul>
<b>ORGANISATION</b>	<ul style="list-style-type: none"> <li>Loss of key personnel</li> </ul>		<ul style="list-style-type: none"> <li>Employee retention, deputy regulation &amp; succession planning</li> </ul>
<b>FINANCE</b>	<ul style="list-style-type: none"> <li>Foreign exchange risk</li> <li>Financing &amp; liquidity</li> <li>Tax risk</li> <li>Impairment</li> </ul>		<ul style="list-style-type: none"> <li>Natural FX hedging through long-term CF planning</li> <li>Long-term planning for financing and liquidity, interest swaps</li> <li>Continuous monitoring of compliance with tax laws</li> <li>Project controlling, impairment tests, strategy review and adaptation</li> </ul>

FX: Foreign Exchange; CF: Cash Flow  
 Figure 3: AT&S Risk Categories, Significant Individual Risks, Risk Trends and Risk Mitigation Measures



## STRATEGY

### Investment risk

In order to use growth potential and remain competitive, AT&S undertakes substantial investments in new technologies (IC substrates) as well as in the further development and capacity expansion of existing technologies (SLP, MSap, HDI) and will continue to do so in the future. In order to establish the IC substrate business as a strategic cornerstone, AT&S invests in a new plant in Chongqing and expands existing capacities at the Leoben plant. The investment is based on the growing demand for IC substrates for the application in high-performance computer modules.

Incorrect assessments of technological developments, changes in demand, restrictions through third-party patents, negative price developments, customer-specific technologies, shorter technology cycles or problems in the technical implementation may have severe adverse effects on the intrinsic value of such investments. These effects could relate, in particular, to the substrate business, the production capacity for the mSAP technology in Shanghai and Chongqing, the capacity expansion for high-frequency printed circuit boards in Nanjangud and Fehring and generally all current AT&S business activities. If there are any indications of such adverse effects, impairment tests of these investments are performed as required, which may lead to high impairment requirements due to the high investments made.

### Competition risk

The clear focus on the high-tech segment coupled with the highest quality standards and consistent cost controls has so far enabled AT&S to successfully withstand the effects of intense competition, overcapacity in the market, and persistent “commodification” with a corresponding margin reduction in the HDI (high-density interconnect) technology segment. This was complemented by the successful transfer of HDI technology from smartphone applications and other mobile devices to further applications, such as those in the automotive industry. The technology upgrade of part of the HDI lines to the mSAP technology ensures the transfer of competitive advantages of HDI to the next technology generation. Delays in switching over to the new technology on the customer side and volatile market

developments may pose challenges for AT&S and lead to excess supply, overcapacities and underutilisation.

The opportunities of the Austrian plants of AT&S are based on high flexibility, high quality standards and the ability to react very quickly to changing specifications and technologies. These capabilities are absolutely imperative for prevailing in the competitive environment, especially in the industrial segment, which is subject to diverse technological requirements among a large number of customers. To ensure our competitive edge, AT&S constantly pursues new forms of technology and projects in close cooperation with our customers.

New technological developments and excess capacity in the market pose great challenges for AT&S in the IC substrate segment. The focus on a higher-value product portfolio and the successful realisation of the planned cost reduction are essential for this business segment. The market for IC substrates is strongly influenced by technological changes. The investment in the Chongqing site enables strategic development in this business segment. The development of new technologies serves to mitigate the market risks of IC substrates. However, this technological progress also entails the general risk of new technological developments.

Competitor risks arise due to potential quality improvements and technological developments in countries with low production costs. This could lead to a loss of competitiveness at AT&S sites, especially in Austria and possibly also at other production sites like those in South Korea and China.

In addition, a difficult market environment in the financial year 2020/21 could have an adverse effect on the Group’s results. Stagnating smartphone sales, weak demand in the Automotive and Industrial segments as well as unfavourable market developments in the other core segments could lead to a decline in revenue. In particular, the impact of the COVID-19 pandemic on the global economy cannot be fully projected due to the low visibility. The broad-based positioning of AT&S in the Mobile Devices & Substrates segment and in the Automotive, Industrial, Medical segment with their different production cycles can partially cushion market risks. Along with controlling risks, crisis-proof applications are pushed based on customer

and application analyses. A positive post-crisis market development could offer increased business opportunities and especially high growth opportunities.

## MARKET

### Potential loss of key customers

With the help of advanced production technologies and high quality standards, AT&S has managed to establish itself as a reliable provider to some of the world's most renowned players in the electronics industry. Due to the focus on high-end technology, the number of customers is limited to technology leaders. The revenue generated with the five largest customers accounts for 68% of total revenue. Our long-term relationships with these customers also offer excellent opportunities for the future. However, concentration of this kind also poses risks in the event that there is a significant reduction in business volume or profitability from these customers. This is particularly critical in the areas of IC substrates and mSAP. The ongoing improvement of AT&S's competitiveness, the expansion of the customer base and the development of new products were recently successfully continued and support the rapid compensation of potential negative development among individual key customers.

## PROCUREMENT

### Procurement prices

Price fluctuations in energy and raw materials (gold, copper and laminates) can have both a positive and a negative impact on achievable margins in the short term. Rising raw material prices in the financial year 2019/20 were partially cushioned by the targeted implementation of the procurement strategy and process optimisations. Due to the current uncertainties in the market, coupled with the COVID-19 pandemic, the price development for raw materials cannot be reliably projected for the coming financial year.

### Suppliers

The sourcing strategy of AT&S focuses on a wide and clearly diversified base of carefully selected suppliers in order to reduce dependencies on individual suppliers. Long-standing and stable customer-supplier relations are in place with key

suppliers with particular expertise and competitive standing. To avoid supply shortages, AT&S conducts rigorous supplier risk management, taking account of regional cluster risks, various supply routes, and alternative procurement options. Customer specifications may limit the raw materials used to certain suppliers, which may result in a dependency for AT&S. However, with few exceptions – for example in the IC substrates and ECP areas, where the supplier base is smaller – alternative supplier options are usually available in order to respond to supply risks.

## BUSINESS ENVIRONMENT

### Location-specific risks

The large majority of AT&S's operating activities are based at sites outside of Austria, particularly in China. This means that the Group might be subject to potential legal uncertainties, state intervention, trade restrictions or political unrest. Irrespective of the above, any production site of the Group may furthermore be exposed to disruptive events such as fire, natural disasters, acts of war, shortages of supply or other elementary events. The termination of land use rights, permits or the lease contracts for specific plants might also have a considerable negative impact on the production output of the Group.

To minimise the effects of such risks, the Group has instituted business continuity management. AT&S also conducts active insurance management by means of weighing the risks and associated costs. It has concluded insurance contracts to the extent customary for a company of this size wherever such contracts were available at costs which are reasonable in relation to the impending risks.

The spread of the COVID-19 pandemic is currently influencing the production of AT&S. Numerous protective measures have been taken aiming to optimally protect employees from the SARS-CoV-2 virus while at the same time keeping up ongoing operations. In doing so, AT&S uses the rich experience gained in China, where the company acquired valuable knowledge in dealing with the exceptional situation. The measures taken in China are also applied to the other locations. Mandatory face masks were introduced on the company premises, remote working regulations massively extended, canteen operations

limited and business travel stopped. In addition, a designated info point has been set up on the AT&S intranet to keep all employees informed and a telephone hotline for all employee questions has been installed. A task force has been set up at the respective locations for the implementation, monitoring and, where necessary, adaptation of these measures.

An aggravation of the current conditions, the provision of production materials and personnel, the supply processes and demand may influence the business development in the coming months. The global effects of the pandemic can lead to weaker demand in some customer segments. At present, it is not possible to quantify these impacts due to low visibility and high volatility.

### Political risks

The electronics industry is characterised by highly integrated, transnational supply chains which are based on the free trade of goods and services. Potential protectionism or growing political tensions can lead to discontinuities in the supply chain and to competitive advantages for competitors in specific countries.

In Europe, there are currently uncertainties regarding the withdrawal of the United Kingdom from the European Union, especially with respect to legal situation after the transition period expires in January 2021. AT&S has only a few business relationships with customers and suppliers based in the United Kingdom. Nevertheless, AT&S has taken measures due to the existing uncertainties to ensure a smooth process in the supply chain. The precautions taken include close contact with customers, an increase in inventories and the preparation of internal systems for the withdrawal. Nonetheless, the effects of the United Kingdom's withdrawal on the European economy may also have an impact on the business development of AT&S.

The partial de-escalation of the trade conflict between the USA and China has led to a reduction of punitive tariffs on imports of certain goods in both countries. From the current perspective, AT&S will not be significantly affected by the conflict since further processing of the products largely takes place in China. Nevertheless, ongoing monitoring of the affected goods is necessary. In addition, macroeconomic developments resulting

from the trade conflict may have an adverse effect on the business of AT&S.

### Compliance

Any amendments to regulatory requirements, such as the prohibition of specific processes or materials, might lead to a rise in production costs. AT&S might be subject to payment of substantial penalties should any breach of customer confidentiality agreements or statutory provisions occur. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The extension of such measures is ongoing. As a rule, AT&S follows a zero-tolerance policy and expects 100% compliance on the part of its employees with all applicable laws and regulations. The Governance, Risk & Compliance Committee (GRC Committee) pursues the objective of identifying and mitigating potentially relevant compliance and governance risks. In addition, AT&S introduced the whistleblowing platform "We Care", which enables employees and external third parties to report potential compliance violations. In the financial year 2019/20 an intranet campaign was launched throughout the Group to raise awareness among employees.

### Fraud, data security and cybercrime

To continue to successfully prevent attempted fraud, internal controls were further intensified in the past few financial years and initiatives to raise awareness among employees with regard to such fraud schemes were increased. Moreover, AT&S continually works to expand data and information security. In the financial year 2018/19, a project regarding the EU General Data Protection Regulation was implemented. Based on an analysis of internal processes regarding the use of personal data, the required measures were assessed and implemented in order to ensure the protection of sensitive data. After the successful certification of all European locations in accordance with ISO 27001, the focus in the financial year 2019/20 was on the establishment of a corresponding information security management system (ISMS) at the other AT&S locations. Alignment with international IT standards ensures safe handling and appropriate access to information, and the availability of reliable systems. Certification of all locations is planned for the financial year 2020/21.

Based on the measures taken in the context of the COVID-19 pandemic, employees increasingly worked from home. The resulting security-relevant risks were minimised through the provision of guidelines, training material, intranet campaigns and technical measures. The objective of these measures is to raise awareness among employees about information security even in times of crisis.

## OPERATIONS

### Quality and delivery performance

As in the past, it will be the high quality of products, adherence to delivery deadlines and service quality which will offer the Group an opportunity to differentiate itself from the competition and exploit growth opportunities in the future. At the same time, AT&S has to make substantial contractual commitments, especially to key customers, with respect to capacity reserves and volume guarantees, adherence to delivery deadlines and quality performance. Any technical defects, quality deficiencies, difficulties in delivering products or failure to provide volume guarantees granted may expose AT&S to warranty claims, claims for damages and contractual penalties. In the Mobile Device business, quality deficiencies may even lead to delivery stops for certain part numbers. Even if such quality deficiencies were not caused in the production process of AT&S but within the supply chain, such delivery stops may lead to significant drops in revenue. Substantial quality deficiencies could also result in product recalls and the loss of customers. AT&S has established a quality management and planning system designed to rule out or minimise deficiencies in product quality and planning mistakes and their negative consequences as far as possible. In order ensure high product quality, AT&S not only meets general international quality standards (ISO 9001) but also further standards for the automotive, aviation and medical sectors. Furthermore, the Group is insured against major risks by virtue of an (extended) product liability insurance policy taking into account exclusions of coverage and customary coverage limits.

### Intellectual property

AT&S endeavours to exploit any opportunities for obtaining intellectual property as well as gaining access to promising patents through the development of its own projects,

cooperation schemes with partners, and investments. Risks arise if AT&S fails to protect its intellectual property, thus enabling the competition to utilise these technologies. Legal disputes about intellectual property can prevent AT&S from using or selling disputed technologies. Furthermore, legal disputes with regard to the unauthorised use of external intellectual property can have considerable negative financial consequences.

### Technology and project development

The establishment and expansion of capacity for IC substrates in Chongqing lead to specific risks for the Chongqing site given the significant investment volume. Complications in the further development and project implementation could result in major burdens on business development and the existing financial and administrative resources. In the coming financial year, the focus will be on continuous performance improvement, on building a new plant at the Chongqing site and on expanding capacity at the Leoben plant.

### Cost control

Continuous cost reduction and efficiency increases in all business segments are crucial to the Group's profitability. If cost reduction measures and performance increases cannot be implemented as planned (or if the costs cannot be passed on to customers), this may have a negative impact on the competitiveness of the Group.

## ORGANISATION

### Employees

The collective industry experience and management expertise of the employees of the AT&S Group form the foundation for taking advantage of future opportunities. The business of the Group might suffer if employees in leading positions were to terminate their employment relations with AT&S or if AT&S were unable to continue to recruit highly qualified personnel in all areas of value creation and retain them long-term. AT&S continuously develops strategies for retaining key employees, recruiting valuable personnel and further expanding the skills of its staff.

## FINANCE

### Foreign exchange risk

Exchange rate fluctuations in EUR, RMB and USD – and to a lesser extent in JPY, KRW and INR – can have considerable positive or negative effects on the results of the Group. To minimise these effects, the Group employs a hedging strategy by generating opposing cash flows in the respective currencies. The high investments in China of the past few years result in significant currency risks related to the RMB, which could increase or decrease the Group's equity. Hedging against this risk would involve high costs and is not carried out.

### Financing and liquidity

To secure the financial needs for the expansion strategy, the Group uses long-term financial and liquidity planning. However, negative business developments (for example related to the COVID-19 pandemic), significant deviations from assumptions in business cases, exchange rate fluctuations or valuation adjustments may cause failure to achieve the targeted equity ratio and the net debt/EBITDA ratio, and subsequently lead to additional financing requirements under more difficult terms and higher costs, or the loss of existing financing facilities. Interest rates are hedged centrally for the Group as a whole by Group Treasury, in part through the use of appropriate financial instruments.

For more information on financial, liquidity, credit and foreign exchange risks, please refer to Note 19 "Additional disclosures on financial instruments" in the notes to the consolidated financial statements.

### Tax risk

The Company is active on a global basis and thus subject to different tax systems. Unless the requirements for the formation of a provision or liability are met, both national and international tax risks are incorporated within financial risks and monitored accordingly. At present, the material tax risks are related to the company in India. In order to minimise future tax risks, the Group continuously monitors compliance with national tax laws and international guidelines such as the BEPS (Base Erosion and Profit Shifting) guideline of the OECD. Although AT&S strives to comply with all tax laws and

regulations, there is a risk of different interpretations of international transactions in different countries, which may lead to double taxation and additional tax burdens.

## 5.3. Internal control and risk management system with regard to accounting

The accounting-related Internal Control and Risk Management system is an integral part of the Group-wide risk management system. According to the framework concept of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), the actual risk management as well as the Internal Control System (ICS) are subsumed under the concept of company-wide risk management. The main criteria of the Risk Management, Internal Control System and Internal Audit of AT&S are specified in a Group-wide risk management and audit manual.

The documentation of the internal controls (business processes, risks, control measures and those responsible) is made principally in the form of control matrices, which are archived in a central management database. The accounting-related Internal Control System includes principles, procedures and measures to ensure the compliance of accounting in terms of the control targets described for financial reporting.

The accounting procedures are documented in separate process instructions. These processes are standardised across the Group and are presented in a standardised documentation format. Additional requirements for accounting procedures result from specific local regulations. The basic principles of accounting and reporting are documented in the process descriptions and also in detailed process instructions, which are also filed in the central management manual. In addition, guidelines on measurement procedures and organisational requirements in connection with the processes of accounting and preparing the financial statements are compiled and updated on a regular basis. Schedules are set in accordance with Group requirements.

The internal financial reporting is done on a monthly basis as part of Group reporting, with the financial information being reviewed and analysed by the Corporate Accounting and Corporate Controlling department. The monthly budget/actual variance with corresponding comments on the results of the segments, of the plants as well as of the Company, is reported internally to the executives and to the members of the Supervisory Board.

The annual preparation of the budget is carried out by the Corporate Controlling department. Quarterly forecasts are drawn up during the year for the remaining financial year based on the quarterly results and current planning information. The forecasts, with comments on the budget comparison and presentations on the impact of opportunities and risks up to the end of the financial year, are reported to the Supervisory Board. In addition to regular reporting, multiple-year planning, project-related financial information or calculations on investment projects are prepared and submitted to the Supervisory Board.

## 6. OUTLOOK

The COVID-19 pandemic, which started at the beginning of 2020, and the resulting crisis measures slowed down economic activity worldwide and led to substantial downgrades of GDP projections for 2020. The global GDP growth forecast for 2020 is set to decline from 2.9% to 0.4% (OECD, March and April 2020) in the most important economies by the end of April 2020 as a result of the crisis measures taken. Other forecasts project globally negative GDP growth in the range of -2.8% (Oxford Economics, April 2020) to -4.2% (IC Insights, April 2020). These variances reflect the high volatility of the current situation. At present, the global economy is expected to recover in 2021 (OECD, March 2020).

### AT&S remains on track

Thanks to its strategic alignment, AT&S considers itself well prepared to successfully overcome the current crisis and to positively participate in the intact market trends in the medium term. Even though the company has so far not been essentially affected by disruptions in the value chain, there may be influences on customer demand in the coming months.

Due to very limited visibility, coupled with high volatility in the markets, AT&S will take measures in the coming quarters enabling it to act flexibly and rapidly to reflect the changing framework conditions. These measures include, among others, strict control of costs and expenses and close interaction with customers and business partners. At the same time, the company works on systematically preparing scenarios for the time after the crisis.

The expectations for the individual segments of AT&S are as follows: product launches may be delayed in the Mobile Devices segment due to the low visibility. In the Automotive segment, visibility is also limited so that specific developments remain to be seen. The Industrial segment will continue to develop at a low level as in the previous year, while stable development is expected for medical applications. The demand for IC substrates is expected to remain strong according to current forecasts.

Operationally, AT&S will concentrate on optimally utilising existing and building new capacities, especially for IC substrates in Chongqing, and above all continue to drive the expansion of its business performance.

Based on current information and anticipating the usual seasonality, AT&S expects a solid performance in the first quarter, with revenue and EBITDA at the level of the previous year.

The economic impact of the COVID-19 pandemic is difficult to predict and consequently leads to significant uncertainty in the forecasts. AT&S will therefore report on recent events in the markets and in the company on an ongoing basis throughout the financial year and update the outlook as soon as the economic framework conditions can be better quantified.

### Investments

The Management Board considers the market trends to be fully intact. Therefore, AT&S will continue its investment programme for new capacities and technologies in the current financial year as previously announced. In line with spending discipline, a reduced budget of up to € 80 million is planned for basic investments (maintenance and technology upgrades) depending on market development.

As part of the strategic projects, the management is planning investments totalling up to € 410 million for the financial year 2020/21 – depending on the progress of projects.

Leoben-Hinterberg, 13 May 2020

The Management Board

Andreas Gerstenmayer m.p.  
Monika Stoisser-Göhring m.p.  
Heinz Moitzi m.p.

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

€ in thousands	Note	2019/20	2018/19
Revenue	1	1,000,577	1,027,983
Cost of sales	2	(897,668)	(860,828)
<b>Gross profit</b>		<b>102,909</b>	<b>167,155</b>
Distribution costs	2	(30,891)	(30,723)
General and administrative costs	2	(37,558)	(36,593)
Other operating income	4	18,048	18,858
Other operating costs	4	(5,106)	(1,487)
Other operating result		12,942	17,371
<b>Operating result</b>		<b>47,402</b>	<b>117,210</b>
Finance income	5	10,998	15,172
Finance costs	5	(17,463)	(17,190)
<b>Finance costs - net</b>		<b>(6,465)</b>	<b>(2,018)</b>
<b>Profit before tax</b>		<b>40,937</b>	<b>115,192</b>
Income taxes <sup>2)</sup>	6	(19,481)	(26,165)
<b>Profit for the year <sup>2)</sup></b>		<b>21,456</b>	<b>89,027</b>
Attributable to owners of hybrid capital <sup>2)</sup>		8,313	8,313
Attributable to owners of the parent company		13,143	80,714
Earnings per share attributable to equity holders of the parent company (in € per share):	25		
- basic		0.34	2.08
- diluted		0.34	2.08

<sup>2)</sup> 2018/19 adjusted taking into account IAS 12 revised

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in thousands	2019/20	2018/19
<b>Profit for the year <sup>2)</sup></b>	<b>21,456</b>	<b>89,027</b>
Items to be reclassified:		
Currency translation differences, net of tax	(30,292)	24,466
(Losses) from the fair value measurement of hedging instruments for cash flow hedges, net of tax	(1,642)	(3,730)
Items not to be reclassified:		
Remeasurement of post-employment obligations, net of tax	(1,091)	(5,797)
<b>Other comprehensive income for the year</b>	<b>(33,025)</b>	<b>14,939</b>
<b>Total comprehensive income for the year <sup>2)</sup></b>	<b>(11,569)</b>	<b>103,966</b>
Attributable to owners of hybrid capital <sup>2)</sup>	8,313	8,313
Attributable to owners of the parent company	(19,883)	95,653

<sup>2)</sup> 2018/19 adjusted taking into account IAS 12 revised

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in thousands	Note	31 Mar 2020	31 Mar 2019
<b>ASSETS</b>			
Property, plant and equipment	7	903,509	777,742
Intangible assets	8	45,075	60,121
Financial assets	12	193	193
Deferred tax assets	6	25,984	35,555
Other non-current assets	9	21,258	24,664
<b>Non-current assets</b>		<b>996,019</b>	<b>898,275</b>
Inventories	10	108,373	84,465
Trade and other receivables and contract assets	11	192,433	229,045
Financial assets	12	136,242	239,752
Current income tax receivables		2,493	5,728
Cash and cash equivalents	13	417,950	326,841
<b>Current assets</b>		<b>857,491</b>	<b>885,831</b>
<b>Total assets</b>		<b>1,853,510</b>	<b>1,784,106</b>
<b>EQUITY</b>			
Share capital	21	141,846	141,846
Other reserves	22	9,419	42,444
Hybrid capital	23	172,887	172,887
Retained earnings		436,107	446,274
<b>Equity attributable to owners of the parent company</b>		<b>760,259</b>	<b>803,451</b>
<b>Total equity</b>		<b>760,259</b>	<b>803,451</b>
<b>LIABILITIES</b>			
Financial liabilities	15	695,834	679,076
Provisions for employee benefits	16	51,244	48,409
Deferred tax liabilities	6	3,166	5,547
Other liabilities	14	13,596	16,196
<b>Non-current liabilities</b>		<b>763,840</b>	<b>749,228</b>
Trade and other payables	14	214,017	179,954
Financial liabilities	15	105,299	37,967
Current income tax payables		4,858	9,331
Other provisions	17	5,237	4,175
<b>Current liabilities</b>		<b>329,411</b>	<b>231,427</b>
<b>Total liabilities</b>		<b>1,093,251</b>	<b>980,655</b>
<b>Total equity and liabilities</b>		<b>1,853,510</b>	<b>1,784,106</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

€ in thousands	2019/20	2018/19
<b>Operating result</b>	<b>47,402</b>	<b>117,210</b>
Depreciation, appreciation, amortisation and impairment of property, plant and equipment and intangible assets	147,127	132,888
Gains/losses from the sale of fixed assets	732	37
Changes in non-current provisions	3,246	10,833
Non-cash expense/(income), net	(14,315)	(17,523)
Interest paid	(12,049)	(13,624)
Interest received	6,710	4,939
Income taxes paid	(13,486)	(28,788)
<b>Cash flow from operating activities before changes in working capital</b>	<b>165,367</b>	<b>205,972</b>
Inventories	(25,462)	20,755
Trade and other receivables and contract assets	38,192	(23,405)
Trade and other payables	5,747	(30,898)
Other provisions	1,279	(1,890)
<b>Cash flow from operating activities</b>	<b>185,123</b>	<b>170,534</b>
Capital expenditure for property, plant and equipment and intangible assets	(218,597)	(100,913)
Proceeds from the sale of property, plant and equipment and intangible assets	70	77
Capital expenditure for financial assets	(44,263)	(275,669)
Proceeds from the sale of financial assets	146,161	99,926
<b>Cash flow from investing activities</b>	<b>(116,629)</b>	<b>(276,579)</b>
Proceeds from borrowings	77,888	355,278
Repayments of borrowings	(30,089)	(190,892)
Proceeds from government grants	1,748	5,112
Dividends paid	(23,310)	(13,986)
Hybrid coupon paid	(8,313)	(8,313)
<b>Cash flow from financing activities</b>	<b>17,924</b>	<b>147,199</b>
<b>Change in cash and cash equivalents</b>	<b>86,418</b>	<b>41,154</b>
Cash and cash equivalents at beginning of the year	326,841	270,729
Exchange gains on cash and cash equivalents	4,691	14,958
<b>Cash and cash equivalents at the end of the year</b>	<b>417,950</b>	<b>326,841</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ in thousands	Share capital	Other reserves	Hybrid capital	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
<b>31 Mar 2018</b>	<b>141,846</b>	<b>27,505</b>	<b>172,887</b>	<b>369,153</b>	<b>711,391</b>	–	<b>711,391</b>
<b>Adjustments IFRS 15, IFRS 9</b>	–	–	–	<b>10,393</b>	<b>10,393</b>	–	<b>10,393</b>
<b>1 Apr 2018</b>	<b>141,846</b>	<b>27,505</b>	<b>172,887</b>	<b>379,546</b>	<b>721,784</b>	–	<b>721,784</b>
Profit for the year <sup>1)</sup>	–	–	–	89,027	89,027	–	89,027
Other comprehensive income for the year	–	14,939	–	–	14,939	–	14,939
<i>thereof currency translation differences, net of taxes</i>	–	24,466	–	–	24,466	–	24,466
<i>thereof remeasurement of post-employment obligations, net of tax</i>	–	(5,797)	–	–	(5,797)	–	(5,797)
<i>thereof change in hedging instruments for cash flow hedges, net of tax</i>	–	(3,730)	–	–	(3,730)	–	(3,730)
<b>Total comprehensive income for the year 2018/19 <sup>1)</sup></b>	–	<b>14,939</b>	–	<b>89,027</b>	<b>103,966</b>	–	<b>103,966</b>
Dividends paid relating to 2017/18	–	–	–	(13,986)	(13,986)	–	(13,986)
Hybrid coupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
Tax effect hybrid coupon <sup>1)</sup>	–	–	–	–	–	–	–
<b>31 Mar 2019</b>	<b>141,846</b>	<b>42,444</b>	<b>172,887</b>	<b>446,274</b>	<b>803,451</b>	–	<b>803,451</b>
Profit for the year	–	–	–	21,456	21,456	–	21,456
Other comprehensive income for the year	–	(33,025)	–	–	(33,025)	–	(33,025)
<i>thereof currency translation differences, net of tax</i>	–	(30,292)	–	–	(30,292)	–	(30,292)
<i>thereof remeasurement of post-employment obligations, net of tax</i>	–	(1,091)	–	–	(1,091)	–	(1,091)
<i>thereof change in hedging instruments for cash flow hedges, net of tax</i>	–	(1,642)	–	–	(1,642)	–	(1,642)
<b>Total comprehensive income for the year 2019/20</b>	–	<b>(33,025)</b>	–	<b>21,456</b>	<b>(11,569)</b>	–	<b>(11,569)</b>
Dividends paid relating to 2018/19	–	–	–	(23,310)	(23,310)	–	(23,310)
Hybrid coupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
<b>31 Mar 2020</b>	<b>141,846</b>	<b>9,419</b>	<b>172,887</b>	<b>436,107</b>	<b>760,259</b>	–	<b>760,259</b>

<sup>1)</sup> Adjusted taking into account IAS 12 revised

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

### A. General

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereinafter referred to as “the Company”, and with its subsidiaries referred to as “the Group”) was incorporated in Austria. The Company is headquartered in Austria, Fabriksgasse 13, 8700 Leoben-Hinterberg.

The Group manufactures and distributes printed circuit boards and provides related services in the segments Mobile Devices & Substrates, Automotive, Industrial, Medical and Others. The products are manufactured in the European and Asian markets and are directly distributed to original equipment manufacturers (OEM) as well as to contract electronic manufacturers (CEM).

Since 20 May 2008, the Company has been listed in the Prime Market segment of the Vienna Stock Exchange, Austria, and, after a period of double listing on the previous exchange in Frankfurt am Main, Germany, has been traded exclusively on the Vienna Stock Exchange since 15 September 2008. Prior to changing stock exchange, the Company had been listed on the Frankfurt Stock Exchange since 16 July 1999. Since 19 March 2018, the Company’s shares have been included in the Austrian ATX index. According to Section 245a of the Austrian Commercial Code (UGB), the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations (IFRIC and SIC) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

### B. Accounting and measurement policies

The consolidated financial statements have been prepared under the historical cost convention, except for securities and derivative financial instruments, which are measured at their fair values.

#### a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2020, with the following exceptions: due to the legal situation in China, the financial year of AT&S (China) Company Limited and AT&S (Chongqing) Company Limited corresponds to the calendar year (balance sheet date: 31 December 2019), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2020.

The consolidated financial statements were approved for issue by the Management Board on 13 May 2020. The separate financial statements of the Company, which are included in the consolidation after reconciliation to the applicable accounting standards, will be presented for approval to the Supervisory Board on 4 June 2020. The separate financial statements of the Company can be modified by the Supervisory Board and, in case of presentation to the Annual General Meeting, by the Company’s shareholders in a way that might also affect the presentation of the consolidated financial statements.

*Group of consolidated entities* The Company controls an entity when the Group is exposed to risks or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In addition to the Company itself, the consolidated financial statements comprise the following fully consolidated subsidiaries:

- AT&S Asia Pacific Limited, Hong Kong, China (hereinafter referred to as AT&S Asia Pacific), share 100%
- AT&S (China) Company Limited, China (hereinafter referred to as AT&S China), 100% subsidiary of AT&S Asia Pacific
- AT&S (Chongqing) Company Limited, China (hereinafter referred to as AT&S Chongqing), 100% subsidiary of AT&S Asia Pacific
- AT&S Japan K.K., Japan, 100% subsidiary of AT&S Asia Pacific
- AT&S (Taiwan) Co., Ltd., Taiwan (hereinafter referred to as AT&S Taiwan), 100% subsidiary of AT&S Asia Pacific
- AT&S India Private Limited, India (hereinafter referred to as AT&S India), share 100%
- AT&S Korea Co., Ltd., South Korea (hereinafter referred to as AT&S Korea), share 100%
- AT&S Americas LLC, USA (hereinafter referred to as AT&S Americas), share 100%
- AT&S Deutschland GmbH, Germany, share 100%

There were no changes in the consolidation group in financial year 2019/20.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the equity interests issued and the liabilities incurred and/or assumed at the acquisition date. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

For each business combination, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets and, accordingly, recognises the full or proportional goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

When the Group ceases to have control or significant influence over a company, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the fair value determined at initial recognition of an associate, joint venture or financial asset. In addition, any amounts recognised in other comprehensive income in respect of that entity are accounted for as if the parent company had directly disposed of the related assets or liabilities.

*Methods of consolidation* All significant intercompany balances and transactions have been eliminated so that the consolidated financial statements present the accounting information of the Group as if it were one single company.

Capital consolidation is made in accordance with IFRS 3 "Business Combinations" and IFRS 10 "Consolidated Financial Statements". Intercompany accounts receivable and payable as well as expenses and income are eliminated. Unless immaterial, intercompany results in non-current assets and inventories are eliminated. Furthermore, uniform accounting and measurement methods are applied to all consolidated subsidiaries.

## **b. Segment reporting**

The definition of operating segments and the presentation of segment results are based on the management approach and follow internal reports to the Management Board as the chief operating decision-maker, i.e. the body that decides on the allocation of resources to the individual segments. An operating segment is a component of an entity that engages in business activities and whose operating results are reviewed regularly by the entity's chief operating decision-maker. Business activities involve earning revenues and incurring expenses, and these may also relate to business transactions with other operating segments of the entity. Separate financial information is available for the individual operating segments.

The AT&S Group structures the operating activities in three segments:

- Mobile Devices & Substrates
- Automotive, Industrial, Medical
- Others

The business unit Mobile Devices & Substrates is responsible for the production of printed circuit boards for mobile end-user devices such as smartphones, tablets, notebooks and consumer products such as digital cameras as well as substrates for desktop PCs and servers. The printed circuit boards for these applications are largely produced at our Shanghai (AT&S China) and Chongqing (AT&S Chongqing) plants.

The business unit Automotive, Industrial, Medical supplies customers in the fields of automotive supplies, industrial applications, medical technology, aerospace, security and other sectors. Production for this business segment mainly takes place at our plants in India, South Korea and Austria.

The business unit Others covers corporate and holding activities. Embedding technology, which was reported under the business unit Others in the previous year, has now been split between the business unit Mobile Devices & Substrates and the Automotive, Industrial, Medical business unit.

### c. Foreign currencies

The Group's presentation currency is the euro (€). The functional currency of the foreign subsidiaries is the respective local currency.

*Foreign subsidiaries* With the exception of equity positions (historical exchange rate), the balance sheets of AT&S India, AT&S China, AT&S Asia Pacific, AT&S Japan K.K., AT&S Korea, AT&S Americas, AT&S Chongqing and AT&S Taiwan are translated at the exchange rates on the balance sheet date. The profit or loss statements are translated at the average exchange rates of the financial year. The effect of changes in the exchange rate with regard to the foreign subsidiaries' net assets is recognised directly in equity.

*Foreign currency transactions* In the financial statements of each of the Group's entities, foreign currency items are translated at the exchange rates prevailing on the day of the transaction. Monetary items are translated at the respective exchange rate ruling at the balance sheet date; non-monetary items which were recognised according to the historical cost principle are carried at the rate of their initial recognition. Translation adjustments from monetary items, with the exception of financial assets classified as "at fair value through other comprehensive income", are recognised in profit or loss.

	Closing rate			Average rate		
	31 Mar 2020	31 Mar 2019	Change in %	01 Apr 2019 - 31 Mar 2020	01 Apr 2018 - 31 Mar 2019	Change in %
Chinese yuan renminbi	7.7575	7.5618	2.6%	7.7181	7.7751	(0.7%)
Hong Kong dollar	8.4879	8.8159	(3.7%)	8.6850	9.1080	(4.6%)
Indian rupee	82.5500	77.6621	6.3%	78.7460	80.6668	(2.4%)
Japanese yen	118.9200	124.3700	(4.4%)	120.8538	128.4076	(5.9%)
South Korean won	1,341.0773	1,275.6888	5.1%	1,312.8898	1,287.1060	2.0%
Taiwan dollar	33.1667	34.6394	(4.3%)	34.1504	35.3469	(3.4%)
US dollar	1.0949	1.1230	(2.5%)	1.1110	1.1613	(4.3%)

### d. Revenue recognition

Revenue comprises the fair value of considerations received in the course of the Groups ordinary activities. Revenue is recognised net of VAT, discounts and price reductions, and after elimination of intercompany sales. Revenue is realised as follows:

*Revenue from product sales* In accordance with IFRS 15, revenue must be recognised when control over agreed goods and services passes to the customer and the customer obtains a benefit from them. Revenue can be recognised at a point in time or over time. When products are manufactured specifically tailored to the customer's needs and there is consequently no alternative use for such products and the entity has an enforceable right to payment for performance completed to date including a margin, control of these products passes to the customer according IFRS 15.35 c. Some of the AT&S Group's customers meet these criteria; therefore revenue is recognised over time in such cases. Progress is measured based on the cost incurred to date in relation to total cost.



In cases where customers do not meet these criteria revenue is recognised at a point in time when control over delivery has passed to the buyer (depending on the agreed incoterms).

#### e. Income taxes

The income tax burden is based on the profit for the year and includes deferred income taxes.

The Group provides for deferred income taxes using the balance-sheet oriented method. Under this method, the expected tax effect of differences arising between the carrying amounts in the consolidated financial statements and the taxable carrying amounts are taken into account by recognising deferred tax assets and tax liabilities. These differences will be reversed in the future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted on the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A future change in tax rates would also have an impact on the deferred tax assets capitalised at the current balance sheet date.

Deferred income taxes arise from the measurement of specific assets and liabilities, as well as tax loss carryforwards and amortisation of goodwill.

Deferred taxes on not yet realised profits/losses of equity instruments and on not yet realised profits/losses from hedging instruments for cash flow hedges that are recognised in equity are also directly recognised in equity.

In accordance with IFRS, deferred income tax assets on loss carryforwards have to be recognised to the extent that it is probable that they will be utilised against future taxable profits.

Deferred taxes are not recognised for temporary differences in connection with holdings in subsidiaries provided that the Group is able to control the timing of the reversal of the temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future.

#### f. Property, plant and equipment

Items of property, plant and equipment are measured at cost. Expenditure directly attributable to an acquisition and the subsequent expenditure is capitalised; repairs and maintenance costs, however, are expensed as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production costs of this asset in accordance with IAS 23.

From the time of their availability for use, the assets are depreciated on a straight-line basis over their expected useful lives. Depreciation is charged on a pro rata temporis basis. Land is not subject to depreciation.

Scheduled depreciation is based on the following useful lives applicable throughout the Group:

Plants and buildings	10–50 years
Machinery and technical equipment	4–15 years
Tools, fixtures, furniture and office equipment	3–15 years

Depreciation periods and methods are reviewed annually at the end of the financial year.

Profits or losses resulting from the closure or retirement of non-current assets, which arise from the difference between the net realisable value and the carrying amounts, are recognised in profit or loss.

#### g. Leases

A lease is a contract which transfers the right to use an asset (leasing asset) for an agreed period of time against a consideration. Since 1 April 2019, the Group recognises, for all leases, right-of-use assets in the statement of financial position and liabilities for the payment obligations entered into at present value. Lease payments are discounted at the rate implicit in the lease if that can be readily determined. Otherwise the incremental borrowing rate is used. Lease liabilities include fixed payments, variable index-linked payments and the exercise price of a purchase option, if the exercise is considered to be sufficiently certain.

The subsequent measurement is made at amortised cost. Right-of-use assets are depreciated on a straight-line basis over the period of the contract.

For leases in which the underlying asset is of low value (€ 5 thousand) and for short-term leases (up to 12 months or less) the practical expedients are used and payments are recognised on a straight-line basis as an expense in the statement of profit or loss. In addition, the provisions are not applied to leases of intangible assets.

In particular, leases of real estate include extension and termination options. When determining the term of the contract, all facts and circumstances offering an economic incentive to exercise extension options or not to exercise termination options are taken into account. Changes in the term resulting from the exercise or non-exercise of such options are only considered if they are sufficiently certain.

The Group only acts as a lessee. Transactions in which the Group is the lessor do not take place.

#### h. Intangible assets

*Patents, trademarks and licenses* Expenditure on acquired patents, trademarks and licenses is capitalised at cost, including incidental acquisition expenses, and amortised on a straight-line basis over the asset's useful life, generally between two and ten years. Amortisation terms and methods are reviewed annually at the end of the financial year.

*Research and development costs* Research costs are expensed as incurred and charged to cost of sales.

Development costs are also expensed as incurred. An intangible asset arising from development is recognised if, and only if, an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits is verifiable.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

Capitalised development projects include all the directly attributable costs incurred as a result of development processes. Borrowing costs are capitalised if the development project is a qualifying asset in accordance with IAS 23. Development costs are amortised on a straight-line basis over a useful life from six to seven years, which is derived from the expected sales periods.

**i. Impairment losses and appreciation of property, plant and equipment and intangible assets**

The Group regularly reviews property, plant and equipment and intangible assets for possible impairment. If evidence for impairment exists, an impairment test is carried out without delay. Intangible assets in the development phase are tested annually for impairment. If the recoverable amount of the respective asset is below its carrying amount, an impairment loss amounting to the difference is recognised. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use corresponds to the estimated future cash flows expected from the continued use of the asset and its disposal at the end of its useful life. The discount rates applied correspond to the weighted cost of capital based on externally available capital market data that are typical in the industry and have been adapted to the specific risks.

If the reason for the impairment recognised in the past no longer exists, with the exception of goodwill, an appreciation up to amortised cost is made.

**j. Inventories**

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less variable costs necessary to make the sale. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Interest on borrowed capital is not recognised.

**k. Trade and other receivables and contract assets**

Receivables not including a material financing component are initially measured at the transaction price in accordance with IFRS 15 and subsequently recognised at amortised cost, if necessary less impairment for expected and actual credit losses. The receivables are measured in accordance with the simplified model (lifetime expected credit losses). For this purpose, the required impairment is determined within the scope of a provision matrix by analysing historical data and estimating future developments. All receivables are due within less than one year and therefore do not include a financing component in the form of interest.

**l. Financial assets**

Financial assets are recognised and derecognised using settlement date accounting. The fair values recognised in the statement of financial position generally correspond to market prices of financial assets. Except for financial assets at fair value through profit or loss, they are initially recognised including transaction costs.

Financial assets are divided into two categories in accordance with IFRS 9, those which are valued at amortised cost and those valued at fair value. When financial assets are valued at fair value, expenses and income are recognised through profit or loss or other comprehensive income.

*At amortised cost* This category includes all financial assets held as part of a business model whose objective is the collection of contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At the time of acquisition, the financial asset is measured at fair value in accordance with IFRS 15 (contract assets and trade receivables). The financial asset is subsequently measured at amortised cost less any impairment. Impairments are recognised through profit or loss.

AT&S applies the simplified impairment model for trade receivables and contract assets from contracts with customers, which takes into account expected credit losses during the full life time. Credit loss is determined on the basis of a provision matrix created based on a rating of the customers.

*Financial assets at fair value through other comprehensive income* This category includes those financial assets held as part of a business model whose objective is the collection of contractual cash flows and the sale of financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the AT&S Group, trade receivables are in part sold to banks as part of factoring agreements. The part of receivables as of 31 March which is sold to banks at nominal value after this date is measured at fair value through other comprehensive income. The measurement at fair value has no significant impact on the consolidated financial statements. Therefore it is assumed that the fair value corresponds the previous measurement standard of amortised cost.

All equity instruments for which IFRS 9 has to be applied are recognised at fair value; value changes are recognised through profit or loss. If an equity instrument is not held for trading an entity can choose for the first time recognition the irrevocable decision to recognise value changes through OCI; than only income from dividends are recognised through profit or loss, insofar as they do not represent a capital repayment.

In accordance with IFRS 9 the irrevocable option of measurement through other comprehensive income was used. Value changes will consequently continue to be recognised in other comprehensive income.

*Financial assets at fair value through profit or loss* This category includes financial assets which were classified neither at amortised cost nor at fair value through other comprehensive income. At the time of their acquisition, they are stated at fair value, excluding transaction costs, and, in subsequent periods, at their respective fair values. Realised and unrealised gains and losses are recognised in profit or loss in "Finance costs - net". This relates primarily to securities held for trading. Derivative financial instruments also fall into this category, unless hedge accounting is applied (refer to "Derivative financial instruments").

*Derivative financial instruments* Where possible, the Group uses derivative financial instruments to hedge against interest fluctuations. These instruments mainly include interest rate swaps. They are entered into in order to protect the Group against interest rate fluctuations. Currency swaps (mainly in US dollar) are also entered in order to protect the Group against currency fluctuations.

The Group does not hold any financial instruments for speculative purposes.

The first-time recognition at the conclusion of the contract and the subsequent measurement of derivative financial instruments are made at their fair values. AT&S continues to apply the provisions of IAS 39 with respect to hedge accounting. "Hedge accounting" in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", according to which changes in fair values of hedging instruments are recognised in equity, is applied when there is an effective hedging relationship pursuant to IAS 39 for hedging instruments for cash flow hedges. The assessment of whether the derivative financial instruments used in the hedging relationship are highly effective in offsetting the changes in cash flows of the hedged item is documented at the inception of the hedging relationship and on an ongoing basis. When "hedge accounting" in equity is not applicable, unrealised gains and losses from derivative financial instruments are recognised in profit or loss in "Finance costs - net".

*Interest and dividend income* Interest income is recognised on a pro rata temporis basis, taking into account the effective interest rate of the asset. Dividend income from financial assets is recognised in profit or loss when the Group's right to receive payments is established.

*Impairment of financial assets* The new impairment expected credit loss (ECL) model according to IFRS 9 has to be applied for financial assets which are measured at amortised cost, for contract assets and debt instruments measured at fair value through OCI.

In accordance with IFRS 9, impairment must be determined using either the twelve-month model, which takes into account expected credit losses within the next twelve months, or the lifetime expected credit loss model which takes into account expected credit losses that result from possible default events within the whole lifetime.

AT&S applies the simplified impairment model for trade receivables and contract assets from contracts with customers, which takes into account expected credit losses during the full lifetime of the asset. The credit loss is determined on the basis of a provision matrix created based on rating of the customers.

#### **m. Cash and cash equivalents**

Cash and cash equivalents comprise cash, time deposits, deposits held at call with banks and short-term, highly liquid investments with an original maturity of up to three months (commercial papers and money market funds).

#### **n. Non-controlling interests**

The Company does not have any non-controlling interests.

The profit for the year and other comprehensive income are attributed to the owners of the parent company and the holders of the hybrid capital.

#### **o. Provisions**

Provisions are recognised if the Group has a legal or de facto obligation to third parties, which is based on past events, where it is probable that this will result in an outflow of resources and the amount can be estimated reliably. The provisions are remeasured at each balance sheet date and their amounts adjusted accordingly.

Non-current provisions are reported at the discounted amount to be paid at each balance sheet date if the interest effect resulting from the discounting is material.

#### **p. Provisions for employee benefits**

*Pension obligations* The Group operates various defined contribution and defined benefit pension schemes.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a special purpose entity (fund). These contributions are charged to staff costs. No provision has to be set up, as there are no additional obligations beyond the fixed amounts.

For individual members of the Management Board and certain executive employees, the Group has defined benefit plans that are valued by qualified and independent actuaries at each balance sheet date. The Group's obligation is to meet the benefits committed to current and former members of the Management Board and executive employees as well as their dependents. The pension obligation calculated according to the projected unit credit method is reduced by the plan assets of the fund in the case of a funded pension scheme. The present value of the future pension benefit is determined on the basis of years of service, expected remuneration and pension adjustments.

To the extent that the plan assets of the fund do not cover the obligation, the net liability is accrued under pension provisions. If the net assets exceed the pension obligation, the exceeding amount is capitalised under "Overfunded pension benefits".

Staff costs recognised in the respective financial year are based on expected values and include the service costs. Net interest on net liabilities is recognised in "Finance costs - net". Remeasurements of the net liability are recognised in other comprehensive income and comprise gains and losses arising from the remeasurement of post-employment obligations.

*Provisions for severance payments* Pursuant to Austrian labour regulations, severance payments have to be paid primarily on termination of employment by the employer or on the retirement of an employee. The liabilities are measured by qualified and independent actuaries at each balance sheet date.

For employees who joined Austrian companies up to and including 2002, the Company has direct obligations that account for the major part of the Group's severance payment obligations. In accordance with IAS 19, these liabilities are calculated using the projected unit credit method as described above and represent severance payment obligations not covered by plan assets. For employees who joined the Company as of or after 1 January 2003, the severance payment obligation is met by regular contributions to a staff provision fund ("Mitarbeitervorsorgekasse"). These contributions are included in staff costs. The Company has no further payment obligations once the contributions have been paid.

For employees of the company in India, obligations for severance payments are covered by life insurance policies. Furthermore, severance payment obligations exist for employees in South Korea and China. These obligations are measured in accordance with IAS 19 using the projected unit credit method as described above and represent severance payment obligations not covered by plan assets.

*Other employee benefits* Other employee benefits include provisions for anniversary bonuses and relate to employees in Austria and China.

Anniversary bonuses are special one-off payments stipulated in the Collective Agreement which are dependent on remuneration and duration of service. Eligibility is determined by a certain minimum length of employment. The respective liability is calculated in accordance with the projected unit credit method based on the same parameters used for severance payments.

Staff costs recognised in the respective financial year include entitlements acquired and the actuarial results. The interest component is recognised in "Finance costs - net". The liabilities are measured by qualified and independent actuaries at each balance sheet date.

#### **q. Stock appreciation rights**

The Group introduced a long-term incentive programme based on stock appreciation rights (SAR). Stock appreciation rights relate to value increases in share prices based on the performance of the share price. These rights are accounted for in accordance with IFRS 2 "Share-based Payment".

The fair value of the employee services rendered as consideration for the granting of SAR is recognised as an expense. Upon initial recognition and at every balance sheet date until the liabilities are settled, SAR liabilities are measured at fair value through profit or loss, applying the option price model. Reference is made to Note 14 "Trade and other payables".

#### **r. Liabilities**

Financial liabilities are initially measured at fair value less transaction cost and, in subsequent periods, at amortised cost using the effective interest rate method. Foreign currency liabilities are translated at the average exchange rate prevailing at the balance sheet date.

**s. Government grants**

Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to investments in property, plant and equipment are included in liabilities as deferred government grants; they are recognised in profit or loss on a straight-line basis over the expected useful life of the related assets. Government grants relating to costs and property, plant and equipment are recognised in profit or loss under other operating result.

**t. Contingent liabilities, contingent assets and other financial obligations**

Contingent liabilities are not recognised in the statement of financial position, but disclosed in Note 20 in the notes to the consolidated financial statements. They are not disclosed if an outflow of resources with economic benefit is unlikely.

A contingent asset is not recognised in the consolidated financial statements, but disclosed if the inflow of an economic benefit is likely.

**u. First-time adoption of accounting standards**

The following new and/or amended standards and interpretations were applied for the first time in the financial year 2019/20 and pertain to the International Financial Reporting Standards (IFRS) as adopted by the EU.

- IFRS 16: Leases
- IFRS 9: Prepayment features with negative compensation
- IAS 28: Long-term interests in associates and joint ventures
- IAS 19: Plan amendments, curtailments and settlements
- IFRIC 23: Uncertainty over income tax treatments
- Annual improvements: IFRS 2015 – 2017: IAS 12, IAS 23, IFRS 3, IFRS 11

The changes resulting from the entry into force of these standards are explained below.

**v. Future amendments to accounting standards and impact of first-time adoption**

The IASB and IFRIC issued additional standards and interpretations not yet effective in the financial year 2019/20.

These have already been adopted in part by the European Union. The following standards and interpretations had already been published by the time these consolidated financial statements were prepared and are not yet effective; they have not been adopted early in the preparation of these consolidated financial statements:

	Standard/Interpretation (Content of the regulation)	Effective date <sup>1)</sup>	EU <sup>2)</sup>	Expected impacts on the consolidated financial statements
IFRS 14	Regulatory Defferal Accounts	Waiting for final standard	No	No major changes are expected
IFRS 17	Insurance contracts	1/1/2022	No	No major changes are expected
IFRS 3	Definition of a Business Combination	1/1/2020	Yes	No major changes are expected
IAS 1, IAS 8	Definition of "material"	1/1/2020	Yes	No major changes are expected
IAS 39, IFRS 9, IFRS 7	Interest rate benchmark reform	1/1/2020	Yes	No major changes are expected
IAS 28, IFRS 10	Investments in Associates: Sales or contributions of assets between an investor and ist associate/joint venture	Postponed indefinitely	No	No major changes are expected
	Frame Work: Changes in the references of the IFRS Standards	1/1/2020	Yes	No major changes are expected

<sup>1)</sup> The Group intends to apply the new regulations for the first time in the fiscal year beginning subsequent to the effective date.

<sup>2)</sup> Status of adoption by the EU.

**IFRS 16 Leases** IFRS 16 specifies the recognition of leases. This standard replaces IAS 17 and previous interpretations. Due to the new provisions it is no longer necessary to distinguish between finance and operating leases. The standard provides a single lessee accounting model requiring the lessee to recognise assets and liabilities for all leases in the statement of financial position, unless the term of the lease is twelve months or less or the underlying asset has a low value of less than € 5 thousand. The simplifications are optional and applied by AT&S.

Application of this new standard is mandatory for reporting periods starting on or after 1 January 2019. Hence, the AT&S Group is required to apply IFRS 16 as of 1 April 2019 and uses the modified retrospective method. A restatement of comparative information is not necessary.

The following table shows the effects of the first-time application of IFRS 16 Leases on the opening balance at 1 April 2019:

€ in thousands	31 Mar 2019	Adjustment IFRS 16	01 Apr 2019
<b>Assets</b>			
Land, plants and buildings	91,597	23,770	115,367
Machinery and technical equipment	624,571	–	624,571
Tools, fixtures, furniture and office equipment	9,117	2,819	11,936
Prepayments and construction in progress	52,457	–	52,457
<b>Liabilities</b>			
Long term financial liabilities	679,076	23,409	702,485
Short term financial liabilities	37,967	3,180	41,147



The operating lease obligations at 31 March 2019 resulted in the following reconciliation to the opening balance value of the lease liabilities at 1 April 2019:

€ in thousands	
Obligation from non-cancellable operating leases as at 31 March 2019	5,326
Recognition exemption for short-term leases	(346)
Recognition exemption for low-value assets	(656)
Adjustment due to cancellation or extension options	23,042
<b>Lease liabilities before discounting</b>	<b>27,366</b>
Discounting	(777)
<b>Lease liabilities as at 1 April 2019 according IFRS 16</b>	<b>26,589</b>

The item “Adjustments arising from termination or extension options” mainly includes obligations arising from the rental of factory premises and buildings amounting to € 17.7 million. The remaining amount primarily consists of rentals of office space as well as furniture and office equipment. The Group assessed the underlying extension and termination options and took them into account accordingly. The assumptions made in this context may deviate from the original estimates in the future and may have an effect on right-of-use assets and lease liabilities.

For contracts concluded prior to the date of transition, an analysis was conducted to determine whether a lease according to IFRS 16 exists. Direct costs were not taken into account in the measurement of right-of-use assets at the time of initial application. Moreover, previous assessments were adopted as to whether a lease is onerous as an alternative to conducting impairment tests. As of 1 April 2019 no onerous contracts existed.

Lease liabilities were discounted using the incremental borrowing rate at 1 April 2019. The weighted average interest rate amounted to 1.37%.

*Annual improvements to IFRS 2015 – 2017* In the course of the annual improvements of IFRS (Improvements Project 2015-2017) clarifications were made with regard to IAS 12 Income Taxes. All income tax consequences of dividend payments must be considered in the same way as the earnings on which the dividends are based. They must therefore be recognised through profit or loss, unless the dividends are based on income which is recognised directly through other comprehensive income or in equity.

These changes are mandatory for financial years starting on or after 1 January 2019. The application of these changes is therefore mandatory for the AT&S Group as of 1 April 2019, i.e. for the first time for the financial year 2019/20. The application must be retrospective. Consequently, the comparative values of the previous year must be adjusted.

The positive income tax effect on hybrid capital interest of € 2,078 thousand in the financial year 2018/19 was retrospectively recognised under the item “Income taxes” in the statement of profit or loss rather than directly in equity.

The following table shows the effects of the application of IAS 12 on the relevant items of the consolidated statement of profit or loss for the financial year 2018/19:

€ in thousands	1 Apr 2018—31 March 2019		
	Before IAS 12 adjustment	Remeasurement	After IAS 12 adjustment
Revenue	1,027,983	–	1,027,983
Costs of sales	(860,828)	–	(860,828)
<b>Gross profit</b>	<b>167,155</b>	<b>–</b>	<b>167,155</b>
<b>Operating result</b>	<b>117,210</b>	<b>–</b>	<b>117,210</b>
<b>Profit/(loss) before tax</b>	<b>115,192</b>	<b>–</b>	<b>115,192</b>
Income taxes	(28,243)	2,078	(26,165)
<b>Profit/(loss) for the period</b>	<b>86,949</b>	<b>2,078</b>	<b>89,027</b>

The changes in IAS 12 had no effect on the consolidated statement of financial position and the consolidated statement of cash flows for the financial year 2018/19.

The first-time adoption of the other amended standards did not result in any material effects.

### C. Critical accounting estimates and assumptions used in accounting and measurement

The Group uses estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses, as well as other financial liabilities, and contingent assets and liabilities. All estimates and assumptions are reviewed on a regular basis and are based on past experiences and additional factors, including expectations regarding future events that seem reasonable under the given circumstances. In the future, actual results may differ from these estimates. Management believes that the estimates are reasonable.

*Development costs* Capitalised development costs largely relate to the development of a new technology for the production of substrates for silicon semiconductor chips at the new site in Chongqing, China. This technology was available for use from March 2016 onwards and amortisation began. In financial year 2019/20 development costs for the new substrate generation in the amount of € 2,892 thousand were capitalised. The use of this new production method is expected to begin in the first half of 2021/22. For the purpose of assessing impairment of capitalised development costs, the management made assumptions in the financial year 2019/20 regarding the amount of expected future cash flows from the project, the applicable discount rate and the period of inflow of the expected future benefit.

An increase in material assumptions would have the following impact to the impairment test as of 31 March 2020:

	Pre-tax discount Interest rate +5.00%	EBIT margin +1,5 pp
Capitalised development costs	no impairment required	no impairment required

A reduction of material assumptions would have the following impact to the impairment test as of 31 March 2020:

	Pre-tax discount Interest rate -5.00%	EBIT margin -1,5 pp
Capitalised development costs	no impairment required	no impairment required

*Calculation of the present values of projected employee benefit obligations* The present value of non-current employee benefit obligations depends on various factors that are based on actuarial assumptions (refer to I.B.o. "Provisions for employee benefits").

These actuarial assumptions used to calculate the pension expenses and the expected defined benefit obligations were subjected to stress tests using the following parameters: An increase in the interest rate, in the expected remuneration and/or in future pensions for the Austrian entities by the percentage points stated in the table below would affect the present values of the projected pension and severance payment obligations as follows as at 31 March 2020:

€ in thousands	Interest rate +0.50%	Increase in remuneration +0.25%	Increase in pensions +0.25%
Pension obligation	(1,318)	94	620
Severance payments	(1,449)	731	–

A decrease in the same parameters for the Austrian companies would have the following effects on the present value of pension and severance payment obligations as at 31 March 2020:

€ in thousands	Interest rate -0.50%	Increase in remuneration -0.25%	Increase in pensions -0.25%
Pension obligation	1,483	(92)	(553)
Severance payments	1,577	(705)	–

Reference is made to Note 16 "Provisions for employee benefits".

*Measurement of deferred income tax and current tax liabilities* Deferred income tax assets and liabilities are determined using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A future change in tax rates would also have an impact on the deferred tax capitalised at the balance sheet date.

Deferred income tax assets in the amount of € 61,349 thousand were not recognised for income tax loss carryforwards in the Group of € 408,992 thousand. If the tax losses were subsequently expected to be realised, these deferred income tax assets would have to be recognised and a related tax income reported. Reference is made to Note 6 "Income taxes".

Moreover, a different interpretation of tax laws by fiscal authorities could also lead to a change in income tax liabilities.

*Other estimates and assumptions* Further estimates, if necessary, relate to impairments of non-current assets and provisions, as well as the measurement of derivative financial instruments, allowances for doubtful accounts receivable and measurements of inventory. Reference is particularly made to Note 4 “Other operating result”, Note 7 “Property, plant and equipment”, Note 8 “Intangible assets” and Note 17 “Other provisions”.

## II. SEGMENT REPORTING

The segment information presented below is prepared in accordance with the management approach concept as depicted in the Group's internal reporting (refer to Section I.B.b. "Segment Reporting").

The reportable segments consist of the business units Mobile Devices & Substrates, Automotive, Industrial, Medical and Others. The Others segment further includes the general holding activities of the Group. The central operating result performance indicator is the operating result before depreciation and amortisation. The respective reconciliation to Group figures also includes the corresponding consolidation.

Transfers and transactions between the segments are executed at arm's length, as with independent third parties. Segment reporting is prepared in accordance with the principles set out in I.B. "Accounting and measurement policies".

€ in thousands	Mobile Devices & Substrates		Automotive, Industrial, Medical		Others		Elimination/ Consolidation		Group	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Segment revenue	778,457	775,959	350,446	365,219	–	5,268	(128,326)	(118,463)	1,000,577	1,027,983
Internal revenue	(92,589)	(92,094)	(35,737)	(26,369)	–	–	128,326	118,463	–	–
External revenue	685,868	683,865	314,709	338,850	–	5,268	–	–	1,000,577	1,027,983
<b>Operating result before depreciation/amortisation</b>	<b>158,561</b>	<b>193,507</b>	<b>28,881</b>	<b>52,622</b>	<b>7,087</b>	<b>3,969</b>	<b>–</b>	<b>–</b>	<b>194,529</b>	<b>250,098</b>
Depreciation/amortisation incl. appreciation	(120,862)	(112,720)	(23,240)	(18,570)	(3,025)	(1,598)	–	–	(147,127)	(132,888)
<b>Operating result</b>	<b>37,699</b>	<b>80,787</b>	<b>5,641</b>	<b>34,052</b>	<b>4,062</b>	<b>2,371</b>	<b>–</b>	<b>–</b>	<b>47,402</b>	<b>117,210</b>
Finance costs - net									(6,465)	(2,018)
<b>Profit before tax</b>									<b>40,937</b>	<b>115,192</b>
Income taxes <sup>1)</sup>									(19,481)	(26,165)
<b>Profit for the year <sup>1)</sup></b>									<b>21,456</b>	<b>89,027</b>
Property, plant and equipment and intangible assets	788,225	711,119	151,553	122,043	8,806	4,701	–	–	948,584	837,863
Additions to property, plant and equipment and intangible assets	215,984	69,614	33,245	36,105	5,073	3,077	–	–	254,302	108,796

<sup>1)</sup>2018/19 revised according to IAS 12

### Information by geographic region

Revenue broken down by region, based on customer's headquarters:

€ in thousands	2019/20	2018/19
Austria	16,489	19,704
Germany	141,092	173,687
Other European countries	77,932	81,153
China	26,507	14,149
Other Asian countries	54,770	56,771
Americas	683,787	682,519
<b>Revenue</b>	<b>1,000,577</b>	<b>1,027,983</b>

67.6% of total revenue (previous year: 64.0%) is attributable to the five largest customers in terms of revenue, where the range is between 2% and 33% as in the previous year.

Property, plant and equipment and intangible assets broken down by domicile:

€ in thousands	31 Mar 2020	31 Mar 2019
Austria	106,173	73,275
China	787,932	711,064
Others	54,479	53,524
<b>Total</b>	<b>948,584</b>	<b>837,863</b>

# III. NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 1. Revenue

€ in thousands	2019/20	2018/19
Main revenue	1,000,421	1,027,829
Incidental revenue	156	154
<b>Revenue</b>	<b>1,000,577</b>	<b>1,027,983</b>

The main revenue is achieved by selling printed circuits boards, which are produced by AT&S.

The following table shows the distribution of revenue recognised at a point in time and over time by segment:

€ in thousands	Mobile Devices & Substrates		Automotive, Industrial, Medical		Others		Group	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Segment revenue	685,868	683,865	314,709	338,850	–	5,268	1,000,577	1,027,983
Type of revenue recognition								
Point in time	355,456	421,005		–	–	–	355,456	421,005
Over time	330,412	262,860	314,709	338,850	–	5,268	645,121	606,978

## 2. Types of expenses

The expense types of cost of sales, distribution costs and general and administrative costs are as follows:

€ in thousands	2019/20	2018/19
Cost of materials	404,323	377,284
Staff costs	252,513	237,781
Depreciation/amortisation	146,075	132,852
Purchased services incl. leased personnel	14,022	18,291
Energy	48,842	46,829
Maintenance (incl. spare parts)	75,071	64,950
Transportation costs	15,183	14,147
Rental and leasing expenses	6,651	8,199
Change in inventories	(29,026)	1,373
Other	32,463	26,438
<b>Total</b>	<b>966,117</b>	<b>928,144</b>

In the financial years 2019/20 and 2018/19, the item "Other" mainly relates to travel expenses, insurance expenses, IT service costs, legal and consulting fees.

### 3. Research and development costs

In the financial year 2019/20, the Group incurred research and development costs in the amount of € 94,765 thousand (previous year: € 75,650 thousand). The stated amounts represent only costs which can be directly allocated and which are recognised in the profit or loss under cost of sales. In these consolidated financial statements, development costs of € 2,892 thousand (previous year: € 0 thousand) were capitalised. Reference is made to Note 8 "Intangible assets".

### 4. Other operating result

€ in thousands	2019/20	2018/19
Income from the reversal of government grants	1,949	1,940
Government grants for expenses	9,423	6,143
Income from exchange differences	5,730	8,464
Income from reversal of accruals/provision	65	–
Miscellaneous other income	881	2,311
<b>Other operating income</b>	<b>18,048</b>	<b>18,858</b>
Impairments of property, plant and equipment	(912)	–
Start-up losses	(3,452)	(1,247)
Losses from the disposal of non-current assets	(732)	(37)
Other costs	(10)	(203)
<b>Other operating costs</b>	<b>(5,106)</b>	<b>(1,487)</b>
<b>Other operating result</b>	<b>12,942</b>	<b>17,371</b>

In the financial years 2019/20 and 2018/19, government grants for expenses mainly relate to export refunds, research and development grants as well as funding for industry and employment development. Start-up losses in the financial year 2019/20 resulted from the extensions of a production line in the plant in Leoben, Austria, and in the plants in Chongqing, China, and in financial year 2018/19 from the extensions of the plant in Fehring, Austria, and the plant in Nanjangud, India. In the financial year 2019/20 and 2018/19, the item "Miscellaneous other income" mainly relates to write-offs of other liabilities, payments of impaired receivables, and similar to last year, to grants for employees, and services in kind for miscellaneous projects.



## 5. Finance costs - net

€ in thousands	2019/20	2018/19
Interest income from financial assets at fair value through profit or loss and financial assets at amortised cost	20	24
Other interest income	6,689	4,915
Gains from the measurement of derivative financial instruments at fair value, net	462	1,031
Foreign exchange gains, net	3,827	9,202
<b>Finance income</b>	<b>10,998</b>	<b>15,172</b>
Interest expense on bank borrowings and bonds	(11,420)	(12,172)
Net interest expense on personnel-related liabilities	(1,124)	(1,066)
Realised losses from derivative financial instruments, net	(2,007)	(1,133)
Other financial expenses	(2,912)	(2,819)
<b>Finance costs</b>	<b>(17,463)</b>	<b>(17,190)</b>
<b>Finance costs - net</b>	<b>(6,465)</b>	<b>(2,018)</b>

In accordance with IAS 23, the item "Interest expense on bank borrowings and bonds" includes capitalised borrowing costs in the amount of € 398 thousand (previous year: € 236 thousand), net.

## 6. Income taxes

Income tax expenses are broken down as follows:

€ in thousands	2019/20	2018/19
Current income taxes <sup>1)</sup>	11,981	13,623
Deferred taxes	7,500	12,542
<b>Total tax expense</b>	<b>19,481</b>	<b>26,165</b>

<sup>1)</sup> 2018/19 adjusted taking into account IAS 12 revised

The difference between the Group's actual tax expense and the theoretical amount that would arise using the Austrian corporate income tax rate is as follows:

€ in thousands	2019/20	2018/19
Expected tax expense at Austrian tax rate	10,235	28,797
Effect of different tax rates in foreign countries	(1,536)	(5,617)
Non-creditable foreign withholding taxes	2,501	1,857
Effect of change in valuation allowance of deferred income tax assets	10,879	4,418
Effect of the change in tax rate	3,118	3,349
Effect of permanent differences <sup>1)</sup>	(5,975)	(6,594)
Effect of taxes from prior periods	259	(45)
<b>Total tax expense</b>	<b>19,481</b>	<b>26,165</b>

<sup>1)</sup> 2018/19 adjusted taking into account IAS 12 revised

The effect of the change in tax rates mainly results from the reduced tax rate of 15% , which is applicable once again, with regard to the subsidiary AT&S China compared to the regular tax rate of 25%. In the course of the annual improvements of the IFRS (Improvements Project 2015-2017), clarifications were made regarding IAS 12 Income Taxes. Therefore, the positive income tax effect on hybrid capital

interest of € 2,078 thousand in the financial year 2018/19 was retroactively recognised through profit or loss under “Income taxes” rather than directly in equity. Reference is made to I. “General information”.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes and liabilities relate to taxes levied by the same taxation authority. The amounts after setting off deferred income tax assets against deferred liabilities are as follows:

€ in thousands	31 Mar 2020		31 Mar 2019	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	8,152	(10,901)	16,266	(5,083)
Provisions for employee benefits	7,258	–	6,687	–
Financial liabilities	6,443	–	–	–
Income tax loss carryforwards including taxable goodwill	81,001	–	68,479	–
<b>Deferred income tax from long-term assets/liabilities</b>	<b>102,854</b>	<b>(10,901)</b>	<b>91,432</b>	<b>(5,083)</b>
Inventories	12,790	–	12,423	–
Trade and other receivables and contract assets	51	(12,975)	56	(13,358)
Trade and other payables	1,496	–	1,587	–
Others	897	(274)	1,291	(190)
Temporary differences arising from shares in subsidiaries	–	(3,166)	–	(5,547)
<b>Deferred income tax from short-term assets/liabilities</b>	<b>15,234</b>	<b>(16,415)</b>	<b>15,357</b>	<b>(19,095)</b>
<b>Deferred income tax assets/liabilities</b>	<b>118,088</b>	<b>(27,316)</b>	<b>106,789</b>	<b>(24,178)</b>
Unrecognised deferred taxes	(67,954)	–	(52,603)	–
Deferred income tax assets/liabilities, offsetting against the same taxation authority	(24,150)	24,150	(18,631)	18,631
<b>Deferred income tax assets/liabilities, net</b>	<b>25,984</b>	<b>(3,166)</b>	<b>35,555</b>	<b>(5,547)</b>

As of 31 March 2020, the Group has income tax loss carryforwards and tax-deductible amortisation of goodwill amounting to a total of € 487,544 thousand (previous year: € 395,769 thousand). For loss carryforwards amounting to € 408,992 thousand (previous year: € 305,538 thousand) included in this figure, deferred income tax assets in the amount of € 61,349 thousand (previous year: € 45,831 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future. In addition, for temporary differences amounting to € 44,034 thousand (previous year: € 45,147 thousand) included in this figure, deferred income tax assets in the amount of € 6,605 thousand (previous year: € 6,772 thousand) were not recognised since it is likewise unlikely that they will be realised in the foreseeable future.

The tax loss carryforwards, which were not recognised, can be carried forward as follows:

€ in thousands	2019/20	2018/19
Carried forward up to 5 years	–	280,433
Carried forward between 6 and 10 years	377,564	25,105
Carried forward more than 10 years	31,428	–
<b>Total unrecognised tax loss carryforwards</b>	<b>408,992</b>	<b>305,538</b>

Deferred income taxes (net) changed as follows:

€ in thousands	2019/20	2018/19
Carrying amount at the beginning of the financial year	30,008	40,461
Adjustment IFRS 15, 9	–	(2,686)
Currency translation differences	(427)	361
Expense recognised in profit or loss	(7,500)	(12,542)
Income taxes recognised in equity	737	4,414
<b>Carrying amount at the end of the financial year</b>	<b>22,818</b>	<b>30,008</b>

Income taxes in connection with the components of other comprehensive income are as follows:

€ in thousands	2019/20			2018/19		
	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes
Currency translation differences	(30,617)	325	(30,292)	26,567	(2,101)	24,466
Gains/(losses) on the measurement of hedging instruments for cash flow hedges	(2,189)	547	(1,642)	(4,973)	1,243	(3,730)
Remeasurements of post-employment obligations	(1,418)	327	(1,091)	(7,714)	1,917	(5,797)
<b>Other comprehensive income</b>	<b>(34,224)</b>	<b>1,199</b>	<b>(33,025)</b>	<b>13,880</b>	<b>1,059</b>	<b>14,939</b>

# IV. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 7. Property, plant and equipment

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Carrying amount 31 Mar 2018	90,008	627,973	8,556	39,841	766,378
Exchange differences	2,315	15,550	139	1,290	19,294
Additions	6,351	48,482	3,401	48,176	106,410
Disposals	–	(811)	(43)	–	(854)
Transfers	244	36,226	380	(36,850)	–
Depreciation, current	(7,321)	(102,849)	(3,316)	–	(113,486)
<b>Carrying amount 31 Mar 2019</b>	<b>91,597</b>	<b>624,571</b>	<b>9,117</b>	<b>52,457</b>	<b>777,742</b>
<i>Thereof</i>					
Acquisition cost	153,882	1,542,539	31,427	52,457	1,780,305
Accumulated depreciation	(62,285)	(917,968)	(22,310)	–	(1,002,563)
<b>Adjustment IFRS 16</b>	<b>23,770</b>	<b>–</b>	<b>2,819</b>	<b>–</b>	<b>26,589</b>
<b>Carrying amount 1 Apr 2019</b>	<b>115,367</b>	<b>624,571</b>	<b>11,936</b>	<b>52,457</b>	<b>804,331</b>
Exchange differences	(2,573)	(15,792)	(206)	(1,943)	(20,514)
Additions	3,028	89,598	3,449	151,865	247,940
Disposals	(42)	(1,316)	(11)	(2)	(1,371)
Transfers	1,888	27,516	110	(29,539)	(25)
Impairment	–	(912)	–	–	(912)
Depreciation, current	(10,389)	(111,136)	(4,415)	–	(125,940)
<b>Carrying amount 31 Mar 2020</b>	<b>107,279</b>	<b>612,529</b>	<b>10,863</b>	<b>172,838</b>	<b>903,509</b>
<i>Thereof</i>					
Acquisition cost	178,227	1,605,493	36,179	172,838	1,992,737
Accumulated depreciation	(70,948)	(992,964)	(25,316)	–	(1,089,228)

The value of the land included in “Land, plants and buildings” amounts to € 6,077 thousand (previous year: € 6,293 thousand).

The following table shows the usage rights reported separately in accordance with IFRS 16, which are included in property, plant and equipment as of 31 March, 2020:

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Acquisition Cost	25,367	–	3,261	–	28,628
<i>Thereof additions</i>	1,597	–	442	–	2,039
Depreciation	(2,715)	–	(917)	–	(3,632)
<b>Carrying amount 31 Mar 2020</b>	<b>22,652</b>	<b>–</b>	<b>2,344</b>	<b>–</b>	<b>24,996</b>

In the 2019/20 financial year, the following lease expenses were showed in the income statement:

€ in thousands	2019/20	2018/19
Lease expenses from the short-term lease agreement	1,891	–
Lease expenses from the low-value lease agreements	455	–
Depreciation of rights of use	3,632	–
Interest expenses of the lease liabilities	336	–

Depreciation in the current financial year is recognised mainly in cost of sales, as well as in distribution costs, general and administrative costs, and in start-up losses recognised under other operating result.

In the financial year 2019/20, borrowing costs on qualifying assets of € 398 thousand were capitalised (previous year: € 236 thousand). Interest rates between 1.58% and 3.5% were applied (previous year: 3.5% and 5.0%).

There is no restraint on disposal for the recognised fixed assets.

*Impairment/Reversal of impairment* Impairment of machinery and technical equipment amounted to € 912 thousand (previous year: € 0 thousand) in the financial year 2019/20. This impairment resulted from machines that are no longer usable in the segment Mobile Devices & Substrates.

## 8. Intangible assets

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalised development costs	Goodwill	Prepayments	Other intangible assets	Total
Carrying amount 31 Mar 2018	11,128	64,728	–	–	–	75,856
Exchange differences	26	1,254	–	–	–	1,280
Additions	2,162	–	–	–	224	2,386
Amortisation, current	(3,364)	(15,813)	–	–	(224)	(19,401)
<b>Carrying amount 31 Mar 2019</b>	<b>9,952</b>	<b>50,169</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>60,121</b>
<i>Thereof</i>						
Acquisition cost	34,113	97,396	7,255	–	–	138,764
Accumulated amortisation	(24,161)	(47,227)	(7,255)	–	–	(78,643)
Exchange differences	(23)	(1,135)	–	1	–	(1,157)
Additions	3,015	2,892	–	21	434	6,362
Transfers	25	–	–	–	–	25
Amortisation, current	(3,919)	(15,923)	–	–	(434)	(20,276)
<b>Carrying amount 31 Mar 2020</b>	<b>9,050</b>	<b>36,003</b>	<b>–</b>	<b>22</b>	<b>–</b>	<b>45,075</b>
<i>Thereof</i>						
Acquisition cost	36,933	97,957	6,902	22	–	141,814
Accumulated amortisation	(27,883)	(61,954)	(6,902)	–	–	(96,739)

Amortisation for the current financial year is charged to cost of sales, distribution costs, general and administrative costs and other operating result.

Development costs of € 2,892 thousand (previous year: € 0 thousand) were capitalised in the financial year 2019/20.

**Impairment** In the financial year 2019/20 no impairment was recognised on intangible assets. The impairment test for the cash-generating unit Substrates for the not yet completed development of the next substrate generation is based on calculations of the value in use. The value in use is determined using a DCF method. The main measurement assumptions are:

- Long-term growth rate: 0%
- (Pre-tax) discount rate: 13.04%

Due to the long-term nature of the project and to adequately account for cash outflows from the substrate business expected in future periods, the calculation of the value in use was based on the expected cash flows for the next 6 years. A consideration over a shorter period of time would lead to a disproportionately increased weighting of cash inflows.

## 9. Other non-current assets

€ in thousands	31 Mar 2020	31 Mar 2019
Prepayments	5,203	5,482
Deposits made	7,893	7,333
Other non-current receivables	8,162	11,849
<b>Carrying amount</b>	<b>21,258</b>	<b>24,664</b>

Prepayments relate to factory premises in China. Other non-current receivables comprise input tax reimbursements in China for the plant in Chongqing, which will be recovered gradually through VAT liabilities during the operating phase.

## 10. Inventories

€ in thousands	31 Mar 2020	31 Mar 2019
Raw materials and supplies	69,012	50,446
Work in progress	19,716	10,601
Finished goods	19,645	23,418
<b>Carrying amount</b>	<b>108,373</b>	<b>84,465</b>

The balance of inventory write-downs recognised as an expense amounts to € 22,437 thousand as of 31 March 2020 (previous year: € 27,489 thousand). The immaterial write-downs amounting to € 578 thousand (previous year: € 774 thousand) resulted from the measurement of inventories at net realisable value in the financial year 2019/20. The write-downs are recognised in the cost of sales in the statement of profit or loss.

## 11. Trade and other receivables and contract assets

The carrying amounts of trade and other receivables and contract assets are as follows:

€ in thousands	31 Mar 2020	31 Mar 2019
Trade receivables	67,413	108,488
Impairments of trade receivables	(653)	(390)
Contract assets	67,882	72,447
Impairments of contract assets	(119)	(140)
VAT receivables	42,025	35,759
Other receivables from authorities	5,227	4,375
Prepayments	6,162	5,001
Energy tax refunds	2,083	1,394
Deposits	1,423	1,353
Other receivables	990	758
<b>Total</b>	<b>192,433</b>	<b>229,045</b>

As at 31 March 2020 and 31 March 2019, other receivables mainly include receivables resulting from prepaid expenses and accrued charges.

Trade receivables amounting to € 10,000 thousand (previous year: € 10,000 thousand) act as collateral in connection with various financing agreements. Reference is made to Note 15 "Financial liabilities".

Taking impairment into account, the carrying amounts of trade and other receivables and contract assets approximate their fair values.

*Remaining maturities of receivables* All receivables as at 31 March 2020 and 31 March 2019 have remaining maturities of less than one year.

*Factoring* As of 31 March 2020, trade receivables totalling € 98,567 thousand (previous year: € 40,595 thousand) were assigned to banks to the amount of 100% of the nominal value and are fully derecognised in accordance with the regulations of IFRS 9 on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right to use to the acquiring party. The default risk was assigned to the purchaser. AT&S assumes a liability for default to the amount of the retention level from the credit insurance. The maximum risk associated with liability for default was € 9,857 thousand as of 31 March 2020 (previous year: € 4,060 thousand) less coverage of the credit insurance applied. Claims of existing credit insurances were transferred to the purchaser. The part of the purchasing price not yet paid by the acquiring party is shown under the item "Financial assets". Payments from customers of assigned trade receivables are presented in the short term financial liabilities.



Contract assets have developed as follows:

€ in thousands	2019/20	2018/19
Contract assets at the beginning of the financial year	72,307	48,702
Utilisation	(72,307)	(48,702)
Addition	67,882	72,447
Impairment according to IFRS 9	(119)	(140)
<b>Contract assets at the end of the financial year</b>	<b>67,763</b>	<b>72,307</b>

#### *Development of past due receivables and impairments of trade receivables*

The age structure of trade receivables and impairment is shown in the table below:

€ in thousands	31 Mar 2020		
	Gross receivables	Impairments	Carrying amount
not due	61,630	(183)	61,447
1 - 15 days overdue	2,563	(16)	2,547
16 - 30 days overdue	1,427	(13)	1,414
31 - 60 days overdue	866	(13)	853
61 - 90 days overdue	169	(1)	168
more than 90 days overdue	758	(427)	331
<b>Trade receivables</b>	<b>67,413</b>	<b>(653)</b>	<b>66,760</b>

€ in thousands	31 Mar 2019		
	Gross receivables	Impairments	Carrying amount
not due	100,579	(177)	100,402
1 - 15 days overdue	5,574	(29)	5,545
16 - 30 days overdue	916	(8)	908
31 - 60 days overdue	971	(15)	956
61 - 90 days overdue	183	(3)	180
more than 90 days overdue	265	(158)	107
<b>Trade receivables</b>	<b>108,488</b>	<b>(390)</b>	<b>108,098</b>

There were no indications at the balance sheet date that overdue trade receivables not impaired would not be paid.

Impairments of trade receivables are recognised if there are indications (past due, insolvency) that it is unlikely that the total amount can be collected. Receivables are derecognised if, on a legal basis, it can be assumed that no payment is to be expected anymore. There was no write-off of trade receivables in the financial year 2019/20.

Impairments of trade receivables have developed as follows:

€ in thousands	2019/20	2018/19
Impairments at the beginning of the financial year	390	168
Adjustment IFRS 9	–	211
<b>Impairments after adjustment IFRS 9</b>	<b>390</b>	<b>379</b>
Utilisation	–	(17)
Reversal	(93)	(76)
Addition	372	92
Currency translation differences	(16)	12
<b>Impairments at the end of the financial year</b>	<b>653</b>	<b>390</b>

Expected credit losses in accordance with the expected credit loss model according to IFRS 9 account for € 231 thousand of the impairments of the financial year (previous year: € 236 thousand).

## 12. Financial assets

The carrying amounts of the financial assets are as follows:

€ in thousands	31 Mar 2020	thereof non-current	thereof current
Financial assets at fair value through profit or loss	893	–	893
Financial assets at fair value through OCI	193	193	–
Financial assets at amortised cost	135,275	–	135,275
Derivatives	74	–	74
<b>Total</b>	<b>136,435</b>	<b>193</b>	<b>136,242</b>
€ in thousands	31 Mar 2019	thereof non-current	thereof current
Financial assets at fair value through profit or loss	896	–	896
Financial assets at fair value through OCI	193	193	–
Financial assets at amortised cost	238,856	–	238,856
<b>Total</b>	<b>239,945</b>	<b>193</b>	<b>239,752</b>

### *Financial assets at fair value through profit or loss*

€ in thousands	31 Mar 2020	31 Mar 2019
Bonds	893	896
<b>Total</b>	<b>893</b>	<b>896</b>

All bonds are denominated in euro (nominal currency).

*Financial assets at fair value through OCI*

€ in thousands	2019/20	2018/19
Carrying amount at the beginning of the year	193	193
Additions/(Disposals)	–	–
<b>Carrying amount at the end of the year</b>	<b>193</b>	<b>193</b>

All financial assets at fair value through OCI are denominated in euro (nominal currency).

*Financial assets at amortised cost* Financial assets at amortised cost are denominated in euros, US dollars and Chinese yuan renminbi (nominal currencies). They mainly consist of notice deposits with a maturity of more than three months and factored receivables against banks.

*Derivative financial instruments*

€ in thousands	31 Mar 2020	31 Mar 2019
Derivative financial instruments	74	–
<b>Total</b>	<b>74</b>	<b>–</b>

**13. Cash and cash equivalents**

€ in thousands	31 Mar 2020	31 Mar 2019
Bank balances and cash on hand	417,950	326,841
<b>Carrying amount</b>	<b>417,950</b>	<b>326,841</b>

The reported carrying amounts correspond to the respective fair values.

## 14. Trade and other payables

€ in thousands	31 Mar 2020	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	169,060	169,060	–	–
Government grants	14,381	1,000	8,315	5,066
Liabilities to fiscal authorities and other state authorities	5,499	5,499	–	–
Liabilities to social security authorities	8,120	8,120	–	–
Liabilities from unconsumed leave	6,300	6,300	–	–
Liabilities from stock appreciation rights	199	4	195	–
Liabilities to employees	17,763	17,763	–	–
Other liabilities	6,291	6,271	20	–
<b>Carrying amount</b>	<b>227,613</b>	<b>214,017</b>	<b>8,530</b>	<b>5,066</b>

€ in thousands	31 Mar 2019	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	131,936	131,936	–	–
Government grants	16,486	1,122	7,524	7,840
Liabilities to fiscal authorities and other state authorities	3,307	3,307	–	–
Liabilities to social security authorities	5,057	5,057	–	–
Liabilities from unconsumed leave	5,888	5,888	–	–
Liabilities from stock appreciation rights	1,000	190	810	–
Liabilities to employees	25,170	25,170	–	–
Other liabilities	7,306	7,284	22	–
<b>Carrying amount</b>	<b>196,150</b>	<b>179,954</b>	<b>8,356</b>	<b>7,840</b>

The carrying amounts of the reported liabilities approximate the respective fair values.

**Government grants** Government grants mainly relate to grants for land-use rights and property, plant and equipment and are released to profit or loss according to the useful life of the related property, plant and equipment.

Furthermore, the Group received grants for project costs for several research projects which are recognised in income on a pro rata basis according to the costs incurred and the grant ratio. Associated deferred amounts are included in government grants.

**Liabilities from stock appreciation rights** Due to the expiry of the stock option plan (2009 to 2012), the 81st Supervisory Board meeting on 3 July 2014 passed a resolution to introduce a long-term incentive programme based on stock appreciation rights (SARs). SARs relate to the value increase in share prices based on the development of the share price. SAR were granted in the period between 1 April 2014 and 1 April 2016. Due to the expiry of the stock appreciation rights plan (2014 to 2016), the 91st Supervisory Board meeting on 6 June 2016 extended the resolution to introduce a long-term incentive programme based on stock appreciation rights (SAR plan 2017) to run for three years. The stock appreciation rights were granted between 1 April 2017 and 1 April 2019.

Each SAR entitles the holder the right to a cash settlement at the remaining amount between the exercise price and the closing price of the AT&S share on the main stock exchange on which it is listed (currently the Vienna Stock Exchange) at the date the subscription right is exercised. The difference amount is limited to 200% of the exercise price.

The exercise price of SAR is determined at the respective date of grant, corresponding to the average closing price of the AT&S share on the Vienna Stock Exchange or at the main stock exchange on which the AT&S share is listed over a period of six calendar months immediately preceding the date of grant.

SARs may be exercised in full or in part after the respective completion of a three-year period following the date of grant, but not during a restricted period. Granted stock appreciation rights not exercised within five years after the grant date become invalid and forfeit without compensation.

SARs may only be exercised by the beneficiaries if the following requirements are met at the date of exercise:

- The beneficiary's employment contract with a company in the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after termination of the employment contract.
- The required personal investment in the amount of 20% of the first amount granted (in SARs) in AT&S shares is held. If the personal investment is not fully established by the end of the three-year waiting period, all previously granted SARs become forfeited in full. The established personal investment must be held over the complete period of participation in the programme and also applies to the grant in subsequent years. The personal investment may only be wound down when exercise is no longer possible.
- The earnings per share (EPS) performance target was met. The level of attainment of the earnings per share performance indicator determines how many of the granted SAR may actually be exercised. The target value is the EPS value determined in the mid-term plan for the balance sheet date of the third year after the grant date. If the EPS target is attained at 100% or surpassed, the granted SARs may be exercised in full. If attainment is between 50% and 100%, the granted SAR may be exercised on a pro rata basis. If the EPS value attained is below 50%, the granted SARs become forfeited in full.

Number and allocation of granted SAR:

	Date of grant				
	1 April 2019	1 April 2018	1 April 2017	1 April 2016	1 April 2015
Exercise price (in €)	17.25	21.94	9.96	13.66	10.70
31 Mar 2018	–	–	290,000	110,000	95,000
Number of stock appreciation rights granted	–	270,000	–	–	–
Number of stock appreciation rights exercised	–	–	–	–	71,967
Number of stock appreciation rights expired	–	–	15,000	–	14,565
<b>31 Mar 2019</b>	–	<b>270,000</b>	<b>275,000</b>	<b>110,000</b>	<b>8,468</b>
Number of stock appreciation rights granted	267,500	–	–	–	–
Number of stock appreciation rights exercised	–	–	–	56,336	8,468
Number of stock appreciation rights expired	32,500	47,500	47,500	40,662	–
<b>31 Mar 2020</b>	<b>235,000</b>	<b>222,500</b>	<b>227,500</b>	<b>13,002</b>	<b>–</b>
Remaining contract period of stock appreciation rights granted	4 years	3 years	2 years	–	–
Fair value of granted stock appreciation rights as at the balance sheet date (in € thousands)					
<b>31 Mar 2019</b>	–	<b>393</b>	<b>883</b>	<b>137</b>	<b>39</b>
<b>31 Mar 2020</b>	<b>450</b>	<b>49</b>	<b>–</b>	<b>4</b>	<b>–</b>

SARs are measured at fair value at the respective balance sheet date using the Monte Carlo method and based on the model assumptions and valuation parameters stated below. The values determined for calculation of the liabilities may differ from the values later realised on the market.

Risk-free interest rate	-0.84 to -0.91%
Volatility	42.75 to 45.80%

Volatility is calculated based on the daily share prices from 1 March 2017 until the balance sheet date.

The expenses for the stock appreciation rights are included in the administration costs.

The fair value of the SAR granted is recognised as an expense over their term.

*Other liabilities* Other liabilities mainly include debtors with credit balances, accrued legal, audit and consulting fees, as well as other accruals.

## 15. Financial liabilities

€ in thousands	31 Mar 2020	Remaining maturity			Nominal interest rate in %
		Less than 1 year	Between 1 and 5 years	More than 5 years	
Export loans	10,000	10,000	–	–	0.24
Loans from state authorities	4,392	2,054	2,338	–	0.75 –1.00
Other bank borrowings	754,362	89,586	527,571	137,205	1.00 –4.75
Liabilities from finance leases IFRS16	24,956	3,307	21,481	168	
Derivative financial instruments <sup>1)</sup>	7,423	352	3,203	3,868	
<b>Carrying amount</b>	<b>801,133</b>	<b>105,299</b>	<b>554,593</b>	<b>141,241</b>	

€ in thousands	31 Mar 2019	Remaining maturity			Nominal interest rate in %
		Less than 1 year	Between 1 and 5 years	More than 5 years	
Export loans	10,000	10,000	–	–	0.24
Loans from state authorities	5,494	1,751	3,402	341	0.75 –1.00
Other bank borrowings	695,927	26,216	525,969	143,742	0.85 –4.75
Liabilities from finance leases IFRS16	–	–	–	–	
Derivative financial instruments <sup>1)</sup>	5,622	–	3,194	2,428	
<b>Carrying amount</b>	<b>717,043</b>	<b>37,967</b>	<b>532,565</b>	<b>146,511</b>	

<sup>1)</sup> Reference is made to Note 18 "Derivative financial instruments"

With the initial application of IFRS 16 as of 1 April 2019, additional lease liabilities were recognised. In the financial year 2019/20, financial debt from leases amounting to € 3,671 thousand was repaid and interest of € 336 thousand was paid.

Other bank borrowings mainly include long-term investment financing in addition to the current liquidity needs.

Other bank borrowings mainly include the following contracts:

- Promissory note loan in FY 2013/14
- Promissory note loan in FY 2015/16
- Promissory note loan in FY 2016/17
- OeKB equity financing programme in FY 2016/17
- OeKB equity financing programme in FY 2018/19
- Promissory note loan in FY 2018/19

Financial contracts in FY 2019/20:

- Promissory note loan of € 80 million with a term to maturity of five years
- OeKB equity financing programme for a total amount of € 300 million with a term to maturity of six years, as at 31 March 2020 shown as unused credit lines

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities as at 31 March 2020, including interest rate hedging, are as follows in the coming financial years:

€ in thousands	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance lease IFRS16	Derivative financial instruments
2020/21					
Redemption	10,000	2,054	89,620	3,298	352
Fixed interest	–	34	3,921	–	–
Variable interest	24	–	5,868	275	–
2021/22					
Redemption	–	970	61,857	20,031	–
Fixed interest	–	15	2,398	–	–
Variable interest	–	–	5,868	175	–
2022/23					
Redemption	–	180	44,857	986	–
Fixed interest	–	11	2,269	–	–
Variable interest	–	–	5,293	36	–
2023/24					
Redemption	–	663	334,857	267	3,204
Fixed interest	–	9	1,420	–	–
Variable interest	–	–	3,643	17	–
2024/25					
Redemption	–	546	86,607	153	–
Fixed interest	–	5	707	–	–
Variable interest	–	–	1,993	9	–
after 2024/25					
Redemption	–	–	137,607	167	3,868
Fixed interest	–	–	1,465	–	–
Variable interest	–	–	828	4	–

No significant deviations from the agreed interest and redemption payments are expected regarding term or amount.

At the previous year's balance sheet date of 31 March 2019, the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities, including interest rate hedging, were as follows for the coming financial years:

€ in thousands	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance leases IFRS16	Derivative financial instruments
2019/20					
Redemption	10,000	1,751	23,456	–	–
Fixed interest	–	47	4,277	–	–
Variable interest	24	–	5,068	–	–
2020/21					
Redemption	–	2,054	85,214	–	740
Fixed interest	–	29	3,910	–	–
Variable interest	–	–	5,068	–	–
2021/22					
Redemption	–	970	61,857	–	–
Fixed interest	–	10	2,398	–	–
Variable interest	–	–	5,068	–	–
2022/23					
Redemption	–	113	44,857	–	–
Fixed interest	–	6	2,269	–	–
Variable interest	–	–	4,493	–	–
2023/24					
Redemption	–	301	334,857	–	2,454
Fixed interest	–	4	1,420	–	–
Variable interest	–	–	2,877	–	–
after 2023/24					
Redemption	–	–	144,214	–	2,428
Fixed interest	–	–	2,172	–	–
Variable interest	–	–	2,273	–	–

Some of the financial liabilities have interest rates that deviate from the market interest rates. For this reason, differences may arise between their fair values and carrying amounts.

€ in thousands	Carrying amounts		Fair values	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Export loans	10,000	10,000	10,000	10,000
Loans from state authorities	4,392	5,494	4,424	5,542
Other bank borrowings	754,362	695,927	762,312	700,630
Liabilities from finance leases IFRS16	24,956	–	24,956	–
Derivative financial instruments	7,423	5,622	7,423	5,622
<b>Total</b>	<b>801,133</b>	<b>717,043</b>	<b>809,115</b>	<b>721,794</b>

The calculation of the fair values is based on the discounted value of future payments using current market interest rates, or the fair values are determined on the basis of quoted prices.



The carrying amounts of financial liabilities by currency are as follows:

€ in thousands	31 Mar 2020	31 Mar 2019
Euros	787,439	703,535
US dollars	13,694	13,508
<b>Total</b>	<b>801,133</b>	<b>717,043</b>

The Group's unused credit lines are as follows:

€ in thousands	31 Mar 2020	31 Mar 2019
Export credit	22,000	22,000
Other credit	468,357	165,325
<b>Total</b>	<b>490,357</b>	<b>187,325</b>

## 16. Provisions for employee benefits

Provisions for employee benefits relate to pension commitments, severance payments and other employee benefits.

*Defined contribution plans* The majority of the Group's employees in Austria and some of its employees in India are covered by defined contribution pension plans that have been outsourced to a pension fund. For employees in Austria, the pension plans are supplemented by death and endowment insurance policies. Employer contributions are determined on the basis of a certain percentage of current remuneration. Employer contributions under these plans amounted to € 557 thousand in the financial year 2019/20 and to € 534 thousand in the financial year 2018/19.

*Defined benefit plans* The Group operates defined benefit plans for several current and former members of the Management Board and former executive employees with no employee contribution required. The board members' and other executive employees' plans are partially funded through assets in pension funds and partially unfunded. Pension benefits of board members and executive employees are based on their salaries and years of service. Essentially, these obligations expose the Group to life expectancy and inflation risks due to future increases in pay and pensions, and, in the case of funded pension plans, to deviations in income.

*Funded severance payments* The employees in India are entitled to severance payments upon retirement or, under certain circumstances, upon leaving the company prematurely, the amount of which depends on years of service and the remuneration received by the respective member of staff. Severance payments range between half the monthly remuneration per year of service and a fixed maximum. Severance payment obligations are covered by a life insurance policy. The main risk to which the Group is exposed from these obligations is the risk of inflation due to future pay increases.

*Unfunded severance payments* Employees in Austria, South Korea and China are entitled to receive severance payments, which are based upon years of service and remuneration received by the respective member of staff and are generally payable upon retirement and, under certain circumstances, upon leaving the Company. For staff members who joined the Company before 1 January 2003, the severance payments in Austria range from two to twelve months of monthly salary, with staff members in South Korea and China also entitled to a

fixed amount depending on years of service and salary. The main risk to which the Group is exposed from these obligations is the risk of inflation due to future pay increases.

For employees in Austria who joined on or after 1 January 2003, regular contributions are paid to a staff provision fund (“Mitarbeitervorsorgekasse”) without any further obligations on the part of the Group. The contributions for the financial year 2019/20 amounted to € 515 thousand and for the financial year 2018/19 to € 462 thousand.

*Other employee benefits* The employees of the companies in Austria and China are entitled to anniversary bonuses for long-term service, the eligibility to and amount of which in Austria are stipulated in the Collective Agreement.

*Expenses* for (defined benefit) pension obligations, severance payments and other employee benefits consist of the following:

€ in thousands	Retirement benefits		Severance payments		Other employee benefits	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Current service cost	141	118	2,109	2,025	2,141	2,084
Interest expense	156	42	557	582	201	210
Remeasurement of obligations from other employee benefits	–	–	–	–	846	1,874
<b>Expenses recognised in profit for the period</b>	<b>297</b>	<b>160</b>	<b>2,666</b>	<b>2,607</b>	<b>3,188</b>	<b>4,168</b>
Remeasurement of obligations from post-employment benefits	(856)	6,503	2,274	1,210	–	–
<b>Expenses/(Income) recognised in other comprehensive income</b>	<b>(856)</b>	<b>6,503</b>	<b>2,274</b>	<b>1,210</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>(559)</b>	<b>6,663</b>	<b>4,940</b>	<b>3,817</b>	<b>3,188</b>	<b>4,168</b>

Expenses for retirement, severance payments and other employee benefits are recognised in profit or loss under cost of sales, distribution costs, general and administrative costs and in other comprehensive income. Net interest expense on personnel-related liabilities is presented in “Finance costs - net”.

Amounts accrued in the *statement of financial position* are:

€ in thousands	31 Mar 2020	31 Mar 2019
Funded pension benefits	6,714	7,305
Unfunded pension benefits	1,353	1,388
<b>Total pension benefits</b>	<b>8,067</b>	<b>8,693</b>
Unfunded severance payments	31,378	28,317
Funded severance payments	529	383
<b>Total severance payments</b>	<b>31,907</b>	<b>28,700</b>
Other employee benefits	11,270	11,016
<b>Provisions for employee benefits</b>	<b>51,244</b>	<b>48,409</b>

Pension obligations and severance payments are as follows:

€ in thousands	Retirement benefits		Severance payments	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Present value of funded obligations	16,840	16,684	1,766	1,590
Fair value of plan assets	(10,126)	(9,379)	(1,237)	(1,207)
<b>Funded status of funded obligations</b>	<b>6,714</b>	<b>7,305</b>	<b>529</b>	<b>383</b>
Present value of unfunded obligations	1,353	1,388	31,378	28,317
<b>Provisions recognised in the statement of financial position</b>	<b>8,067</b>	<b>8,693</b>	<b>31,907</b>	<b>28,700</b>

The present value of projected pension benefits, the movement in plan assets (held to cover the pension benefits) and funded status are as follows:

€ in thousands	Funded retirement benefits		Unfunded retirement benefits	
	2019/20	2018/19	2019/20	2018/19
<b>Present value of pension obligation:</b>				
Present value at the beginning of the financial year	16,683	12,952	1,388	1,180
Current service cost	141	118	–	–
Interest expense	300	259	25	24
Remeasurement from the change in demographic assumptions	–	1,991	–	122
Remeasurement from the change in financial assumptions	–	1,956	134	124
Remeasurement from adjustments based on past experience	187	(130)	(127)	4
Benefits paid	(471)	(463)	(67)	(66)
<b>Present value at the end of the financial year</b>	<b>16,840</b>	<b>16,683</b>	<b>1,353</b>	<b>1,388</b>
<b>Fair value of plan assets:</b>				
Fair value at the beginning of the financial year	9,378	12,036		
Investment result	1,050	(2,436)		
Interest income	169	241		
Benefits paid	(471)	(463)		
<b>Fair value at the end of the financial year</b>	<b>10,126</b>	<b>9,378</b>		
<b>Funded status of funded pension benefits</b>	<b>6,714</b>	<b>7,305</b>		

As at 31 March 2020, the average maturity of funded pension benefits is 16 years and unfunded pension benefits 12 years.

Plan assets held to cover the pension obligations have been transferred to pension funds. The diversification of the portfolio is as follows:

in %	31 Mar 2020	31 Mar 2019
Debt securities	34%	30%
Equity securities	54%	58%
Real estate	5%	5%
Cash and cash equivalents	7%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

A significant portion of plan assets is traded in an active market.

The aggregate movement in funded and unfunded severance payments is as follows:

€ in thousands	Funded severance payments		Unfunded severance payments	
	2019/20	2018/19	2019/20	2018/19
<b>Present value of severance payment obligation:</b>				
Present value at the beginning of the financial year	1,589	1,427	28,317	25,932
Exchange differences	(109)	51	(238)	92
Service cost	106	90	2,003	1,936
Interest cost	117	104	530	548
Remeasurement from the change in demographic assumptions	–	(19)	(121)	(285)
Remeasurement from the change in financial assumptions	107	(145)	2,447	1,211
Remeasurement from adjustments based on past experience	55	126	(211)	335
Benefits paid	(99)	(45)	(1,349)	(1,452)
<b>Present value at the end of the financial year</b>	<b>1,766</b>	<b>1,589</b>	<b>31,378</b>	<b>28,317</b>
<b>Fair value of plan assets:</b>				
Fair value at the beginning of the financial year	1,206	934		
Exchange differences	(77)	40		
Contributions	115	195		
Investment result	2	13		
Interest income	90	69		
Benefits paid	(99)	(45)		
<b>Fair value at the end of the financial year</b>	<b>1,237</b>	<b>1,206</b>		
<b>Funded status of funded severance payments</b>	<b>529</b>	<b>383</b>		

As at 31 March 2020, the average maturity of unfunded severance payments is 12 years.

The aggregate movement in other employee benefits (anniversary bonuses) is as follows:

€ in thousands	2019/20	2018/19
Present value at the beginning of the financial year	11,016	8,801
Exchange differences	(141)	150
Service cost	2,141	2,084
Interest expense	201	211
Remeasurement from the change in demographic assumptions	(183)	1,116
Remeasurement from the change in financial assumptions	210	231
Remeasurement from adjustments based on past experience	819	527
Benefits paid	(2,793)	(2,104)
<b>Present value at the end of the financial year</b>	<b>11,270</b>	<b>11,016</b>

At 31 March 2020, the average maturity of other employee benefits is 11 years.

The following weighted actuarial parameters were used for the measurement at the balance sheet date:

	Retirement benefits		Severance payments		Other employee benefits (anniversary bonuses)	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Discount rate	1.80%	1.80%	1.90%	2.22%	1.93%	2.18%
Expected rate of remuneration increase	2.25%	2.25%	3.62%	3.26%	5.01%	4.06%
Expected rate of pension increase	1.80%	1.80%	–	–	–	–
Retirement age	65	65	<sup>1)</sup>	<sup>1)</sup>	–	–

<sup>1)</sup> Individual according to respective local legislation

Attrition rates and biometric data are included in the calculation of the provisions.

## 17. Other provisions

€ in thousands	Total	Warranty	Others
Carrying amount 31 Mar 2019	4,175	1,053	3,122
Utilisation	(1,701)	(200)	(1,501)
Reversal	(234)	(218)	(16)
Addition	3,214	2,547	667
Exchange differences	(217)	(129)	(88)
<b>Carrying amount 31 Mar 2020</b>	<b>5,237</b>	<b>3,053</b>	<b>2,184</b>

€ in thousands	Total	Warranty	Others
Carrying amount 31 Mar 2018	5,942	2,526	3,416
Utilisation	(1,397)	(97)	(1,300)
Reversal	(1,830)	(1,811)	(19)
Addition	1,338	415	923
Exchange differences	122	20	102
<b>Carrying amount 31 Mar 2019</b>	<b>4,175</b>	<b>1,053</b>	<b>3,122</b>

€ in thousands	31 Mar 2020	31 Mar 2019
thereof non-current	–	–
thereof current	5,237	4,175
<b>Carrying amount</b>	<b>5,237</b>	<b>4,175</b>

**Warranty provision** This item relates to the costs of existing and expected complaints about products still under warranty. The accrued amount is the best estimate of these costs based on past experience and actual facts, and is not yet recognised as a liability due to the uncertainty as to amount and timing. The amount of expected costs includes amounts assumed from product liability insurance.

**Others** This item relates substantially to provisions for risks from pending losses on onerous contracts and to provisions for the risks associated with pension scheme contributions in Asia resulting from the uncertain legal situation there.

## 18. Derivative financial instruments

Derivative financial instruments relate to interest rate swaps and currency swaps. Payments related to loans and receivables and trade receivables are hedged. Currency swaps are also used to temporarily balance out liquidity between different currencies. The currency swap included as of 31 March 2020 serves exclusively for short-term liquidity balancing between the euro and the US dollar. The volume amounts to € 7.0 million.

The carrying amounts of the Group's derivative financial instruments correspond to their fair values. The fair value corresponds to the amount that would be incurred or earned if the transaction had been settled at the balance sheet date.

The fair values of the derivative financial instruments are as follows at the balance sheet date:

€ in thousands	31 Mar 2020		31 Mar 2019	
	Assets	Liabilities	Assets	Liabilities
Currency swaps at fair value	74	–	–	–
Interest rate swaps at fair value	–	7,423	–	5,622
<b>Total market values</b>	<b>74</b>	<b>7,423</b>	<b>–</b>	<b>5,622</b>
<b>Current portion</b>	<b>74</b>	<b>352</b>	<b>–</b>	<b>–</b>
<b>Non-current portion</b>	<b>–</b>	<b>7,071</b>	<b>–</b>	<b>5,622</b>

As of 31 March 2020, the fixed interest rates for interest rate swaps range between 0.1719% and 0.545%, the variable interest rate is based on the six-month EURIBOR.

Based on the various scenarios, the Group hedges its cash flow interest rate risk using interest rate swaps. Such interest rate swaps have the economic effect of converting loans from floating rates to fixed rates. If the Group takes out loans at floating rates, it uses swaps to convert such loans into fixed rate loans. Under these interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between the fixed and variable interest rates calculated by reference to the agreed nominal amounts. Through the prepayment of the variable parts of the promissory note loan in the financial year 2015/16 from 2014, the basis for hedge accounting was eliminated. The existing interest rate swaps are now used for other floating rate loans. Due to different maturities and amounts, no effective hedging relationship can be established pursuant to IAS 39, which is a prerequisite for recognising gains and losses in other comprehensive income. Subsequent measurement of interest rate swaps is recognised in profit or loss under "Finance costs".

The nominal amounts and the fair values of derivative financial instruments relating to not effective hedges against interest rate fluctuations are as follows at the balance sheet date, presented by currency:

Currency	31 Mar 2020		31 Mar 2019	
	Nominal amount in 1,000 local currency	Market value € in thousands	Nominal amount in 1,000 local currency	Market value € in thousands
Euro	22,500	(352)	22,500	(740)

The remaining terms of derivative financial instruments of not effective hedges are as follows at the balance sheet date:

in months	31 Mar 2020	31 Mar 2019
Interest rate swaps	11	23

In the financial years 2017/18 and 2018/19 new interest rate swaps were signed, which are used for floating rate loans and recognised as financial liabilities. As they have the same maturity and amount, there is an effective hedging relationship, which is a precondition according IAS 39 that assumes no influence of gains and losses on profit or loss. As a consequence the gains and losses from the ongoing subsequent measurement are recognised in the other comprehensive income.

The terms of the interest rate swaps employed as hedging instruments are as follows:

€ in thousands, in months, in %	Nominal volume	Maturity	Average hedged interest rate during the period
Interest rate swaps	258,000	37 - 64 months	0,1719% - 0,5450%

The value of the interest rate swaps employed as hedging instruments developed as follows:

€ in thousands	Carrying amount of the hedging instrument <sup>2)</sup>		Change in fair value of the hedging instrument on which the calculation of ineffectiveness is based	Change in fair value of the hedging instrument recognised in the cash flow hedge reserve
	Assets	Liabilities		
as per 31 Mar 2020	–	7,071	–	(2,190)
as per 31 Mar 2019	–	4,882	–	(4,983)

<sup>2)</sup> Interest rate swaps are reported under financial liabilities.

The development of value of the hedged items (floating rate loans) and the cash flow hedge reserve in equity are shown in the following table:

€ in thousands	Change in fair value of the hedged item on which the calculation of ineffectiveness is based	Hedge ineffectiveness recognised in P&L during the period	Cash flow hedge reserve as of 31 Mar 2020	Amounts reclassified from the cash flow hedge reserve to P&L during the period <sup>1)</sup>
31 Mar 2020	–	–	7,071	–
31 Mar 2019	–	–	4,882	–

<sup>1)</sup> Amounts reclassified from the cash flow hedge reserve to the statement of profit or loss are recognised in finance costs.

## 19. Additional disclosures on financial instruments

*Carrying amounts and fair values by measurement category* The carrying amounts and fair values of financial instruments included in several items in the statement of financial position by measurement category are as follows at the balance sheet date. Unless otherwise stated, carrying amounts correspond approximately to the fair values:

31 Mar 2020

Measurement categories in accordance  
with IFRS 9 or measurement in accord.  
with other IFRSs <sup>1)</sup>

€ in thousands		Level	Carrying amount	Fair value
<b>Assets</b>				
Non-current assets				
Derivative financial instruments	DHI	2	–	–
Other financial assets	FAAFVOCI	2	193	193
<b>Financial assets</b>			<b>193</b>	<b>193</b>
Current assets				
Trade receivables less impairments	FAAC		63,142	
Trade receivables	FAAFVOCI	3	3,618	
Contract assets less impairments	–	3	67,763	
Other receivables	FAAC		991	
Other receivables	–		56,919	
<b>Trade and other receivables</b>			<b>192,433</b>	
Derivative financial instruments	DHI	2	74	
Financial assets	FAAFVPL	1	893	893
Financial assets	FAAC		135,275	
<b>Financial assets</b>			<b>136,242</b>	<b>893</b>
Cash and cash equivalents	FAAC		417,950	
<b>Cash and cash equivalents</b>			<b>417,950</b>	
<b>Liabilities</b>				
Other financial liabilities	FLAAC	2	793,710	801,692
Derivative financial instruments	DHI	2	7,423	7,423
<b>Non-current and current financial liabilities</b>			<b>801,133</b>	<b>809,115</b>
Trade payables	FLAAC		169,060	
Other payables	FLAAC		17,763	
Other payables	–		40,790	
<b>Trade and other non-current and current payables</b>			<b>227,613</b>	
<b>Aggregated by measurement categories</b>				
<b>Assets</b>				
At amortised cost	FAAC		617,358	–
Financial assets at fair value through OCI	FAAFVOCI		3,811	–
Financial assets at fair value through profit or loss	FAAFVPL		893	–
Derivatives as hedging instruments	DHI		74	–
<b>Liabilities</b>				
Financial liabilities at amortised cost	FLAAC		980,533	–
Derivatives as hedging instruments	DHI		7,423	–

<sup>1)</sup> FAAC: Financial assets at amortised costs  
FAAFVOCI: Financial assets at fair value through OCI  
FAAFVPL: Financial assets at fair value through profit or loss  
DHI: Derivatives as hedging instruments  
FLAAC: Financial liabilities at amortised cost



31 Mar 2019	Measurement categories in accordance with IAS 39 or measurement in accord. with other IFRSs <sup>1)</sup>			
€ in thousands		Level	Carrying amount	Fair value
<b>Assets</b>				
Non-current assets				
Derivative financial instruments	DHI	2	–	–
Other financial assets	FAAFVOCI	2	193	193
<b>Financial assets</b>			<b>193</b>	<b>193</b>
Current assets				
Trade receivables less impairments	FAAC		108,098	
Contract assets less impairments	–		72,307	
Other receivables	FAAC		757	
Other receivables	–		47,883	
<b>Trade and other receivables</b>			<b>229,045</b>	
Financial assets	FAAFVPL	1	896	896
Financial assets	FAAC		238,856	
<b>Financial assets</b>			<b>239,752</b>	<b>896</b>
Cash and cash equivalents	FAAC		326,841	
<b>Cash and cash equivalents</b>			<b>326,841</b>	
<b>Liabilities</b>				
Other financial liabilities	FLAAC	2	711,421	716,172
Derivative financial instruments	DHI	2	4,882	4,882
Derivative financial instruments	FVPL	2	740	740
<b>Non-current and current financial liabilities</b>			<b>717,043</b>	<b>721,794</b>
Trade payables	FLAAC		131,936	
Other payables	FLAAC		25,170	
Other payables	–		39,044	
<b>Trade and other non-current and current payables</b>			<b>196,150</b>	
<b>Aggregated by measurement categories</b>				
<b>Assets</b>				
At amortised costs	FAAC		674,552	–
Financial assets at fair value through OCI	FAAFVOCI		193	–
Financial assets at fair value through profit or loss	FAAFVPL		896	–
Derivatives as hedging instruments	DHI		–	–
<b>Liabilities</b>				
Financial liabilities at amortised costs	FLAAC		868,527	–
Derivatives as hedging instruments	DHI		4,882	–
Derivatives	FVPL		740	–

<sup>1)</sup> FAAC: Financial assets at amortised cost  
FAAFVOCI: Financial assets at fair value through OCI  
FAAFVPL: Financial assets at fair value through profit or loss  
DHI: Derivatives as hedging instruments  
FLAAC: Financial liabilities at amortised cost  
FVPL: Derivatives at fair value through profit or loss

When measuring fair value, a distinction needs to be made between three valuation hierarchies:

- Level 1: The fair values are determined based on quoted market prices in an active market for identical financial instruments.
- Level 2: If quoted market prices in active markets are not available, the fair values are determined based on the results of a measurement method that is based to the greatest possible extent on market prices.
- Level 3: In this case, the fair values are determined using measurement models which are not based on observable market data.

*Net results relating to financial instruments by measurement category* Net gains or net losses relating to financial assets and liabilities by measurement category are as follows:

€ in thousands	2019/20	2018/19
Amortised cost	17,269	27,770
Fair value through other comprehensive income	9	9
Fair value through profit or loss	(1,537)	2,314
Financial liabilities at amortised cost	(13,654)	(18,196)
<b>Total</b>	<b>2,087</b>	<b>11,897</b>

The net results relating to financial instruments include dividend income, interest income and expenses, foreign exchange gains and losses, realised gains and losses on the disposal and sale, as well as income and expenses recognised in profit or loss from the measurement of financial instruments.

€ 5,261 thousand in net income (previous year: € 8,365 thousand in net income) of the total net result from financial instruments is included in the operating result and contains mainly foreign exchange effects, and € 3,174 thousand in net expenses (previous year: € 3,532 thousand in net income) in "Finance costs – net".

## Financial risks

In the following, the financial risks, which comprise the financing risk, the liquidity risk, the credit risk, and the foreign exchange risk, are addressed. In the Group Management Report, further risk categories and the related processes and measures are outlined.

Risk management of financial risks is carried out by the central treasury department (Group Treasury) under policies approved by the Management Board. Responsibilities, authorisations and limits are governed by these internal guidelines. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

*Financing risk* The financing risk relates to securing the long-term funding of the Group and to fluctuations in the value of financial instruments.

On the assets side, the Group is exposed to low interest rate risks with regard to its securities portfolio. Other liquid funds are mainly invested short-term. Reference is made to Note 12 "Financial assets" and Note 13 "Cash and cash equivalents".

On the liabilities side, 68.0% (previous year: 76.9%) of the total bonds and bank borrowings are subject to fixed interest rates, taking into account interest rate hedging instruments. Reference is made to Note 15 "Financial liabilities".

The financial liabilities of the Group are linked to loan commitments that are customary in the market. These commitments are reviewed on a quarterly or an annual basis. In the event of non-compliance with these commitments, the lenders have a right of notice.

*Liquidity risk* In the Group, liquidity risk refers to the circumstance of insolvency. Therefore, sufficient liquidity shall be available at all times to be able to meet the current payment obligations on time.

As of 31 March 2020, the Group has liquidity reserves of € 1.044.8 million (previous year: € 754.1 million). This comprises € 554.4 million (previous year: € 566.8 million) in cash and cash equivalents, held-to-maturity investments, securities held for trading and available-for-sale, and € 490.4 million (previous year: € 187.3 million) in available unused credit facilities. Thus, the liquidity reserves increased by € 290.7 million year-on-year and include € 39.3 million (previous year: € 43.4 million) in current reserves, which relate to AT&S in China and are subject to specific liquidity requirements.

*Credit risk* In the Group, credit risk refers to the potential for payment default by customers. The Group has always managed to establish strong partnerships with its largest customers.

The credit risk is kept to a minimum by means of a comprehensive process. Customers are subject to regular credit assessments and their receivables are covered by insurance to a large extent. Non-insured receivables are continuously monitored and, if any risks are identified, the deliveries are made only against advance payments or bank guarantees. In the financial year 2019/20, € 0.7 million (previous year: € 0.4 million) or 1.0% (previous year: 0.4%) of receivables were impaired.

Reference is made to the detailed disclosures in Note 11 "Trade and other receivables".

*Foreign exchange risk* As a globally operating entity, the AT&S Group is exposed to foreign exchange risk. "Natural hedges" exist in part through local added value created at the various sites. Within the Group, transaction risks are initially managed by closing positions (netting). Open positions are continuously analysed and hedged using different hedging instruments such as forward contracts, currency options and currency swaps. No such instruments exist on the balance sheet date.

Sensitivity analyses are performed to assess the foreign exchange risk, with – all else being equal – the effects of percentage changes in foreign exchange rates being simulated against each other.

*Financial market risks* Detailed information on financial market risks and derivative financial instruments is contained in Section I.B.I. "Accounting and measurement policies: Derivative financial instruments" and in Note 18 "Derivative financial instruments". The Group uses derivative financial instruments, such as forward contracts, options and swaps, exclusively for hedging purposes.

*Evaluation of financial market risks using sensitivity analyses* The Group applies sensitivity analyses to quantify the interest rate and currency risks. In gap analyses, the potential change in profit/loss resulting from a 1% change in price (exchange rate or interest rate) of the foreign currency or net interest position is determined. Correlations between different risk elements are not included in these analyses. The impact on profit/loss is determined taking into account income tax effects on the profit for the year after tax.

There are two different risks regarding changes in interest. In case of financing with fixed interest rates, the risk arises if the interest rate decreases and, in case of financing with variable interest rates, the risk consists of increasing interest rates (converse relating to disposition). The impact on profit/loss only results from changes in variable interest rates. AT&S counteract interest rate risks with two measures: by

using derivative financial instruments and by increasing the risk spread of interest development due to financing in different currencies. The table below shows the effect on financial liabilities:

€ in thousands		31 Mar 2020			
	EUR	USD	Others	Total	In %
<b>Before Hedging</b>					
Fixed interest rate	228,191	13,694	–	241,885	31.5%
Variable interest rate	526,869	–	–	526,869	68.5%
<b>Total</b>	<b>755,060</b>	<b>13,694</b>	<b>–</b>	<b>768,754</b>	<b>100.0%</b>
In %	98.2%	1.8%	–	100.0%	
<b>After Hedging</b>					
Fixed interest rate	508,691	13,694	–	522,385	68.0%
Variable interest rate	246,369	–	–	246,369	32.0%
<b>Total</b>	<b>755,060</b>	<b>13,694</b>	<b>–</b>	<b>768,754</b>	<b>100.0%</b>
In %	98.2%	1.8%	–	100.0%	
€ in thousands		31 Mar 2019			
	EUR	USD	Others	Total	In %
<b>Before Hedging</b>					
Fixed interest rate	252,758	13,509	–	266,267	37.4%
Variable interest rate	445,155	–	–	445,155	62.6%
<b>Total</b>	<b>697,913</b>	<b>13,509</b>	<b>–</b>	<b>711,422</b>	<b>100.0%</b>
In %	98.1%	1.9%	–	100.0%	
<b>After Hedging</b>					
Fixed interest rate	533,258	13,509	–	546,767	76.9%
Variable interest rate	164,655	–	–	164,655	23.1%
<b>Total</b>	<b>697,913</b>	<b>13,509</b>	<b>–</b>	<b>711,422</b>	<b>100.0%</b>
In %	98.1%	1.9%	–	100.0%	

If the EUR interest rates at the balance sheet date had been 100 basis points higher, based on the financing structure at the balance sheet date, the profit for the year would have been € 1.3 million lower (previous year: € 1.0 million), provided all other variables remained constant. A decline in the EUR interest rates would not have had any impact on the profit for the year. If the USD interest rates at the balance sheet date had been 100 basis points higher (or lower), based on the financing structure at the balance sheet date, the profit for the year would have been € 0.0 million lower (previous year: € 0.0 million) or € 0.0 million higher (previous year: € 0.0 million), provided all other variables remained constant.

The effect of this interest rate sensitivity analysis is based on the assumption that the interest rates would deviate by 100 basis points during an entire financial year and the new interest rates would have to be applied to the amount of equity and liabilities at the balance sheet date.

According to IFRS 7, the impact of hypothetical changes in exchange rates on the profit for the year results from monetary financial instruments which are not denominated by the functional currency of the reporting company. Hence, the effect on profit/loss is calculated based on receivables, payables and financial balances respectively foreign currency derivatives. At AT&S, the risk primarily contains USD balances. Therefore, a sensitivity analysis is only carried out for this currency. The average changes in USD/EUR closing rates in the last 5 years amount to 6.0% (previous year: 9.0%). An increase in the US dollar exchange rate of 6.0% against the euro would have had a positive

impact on the profit for the year in the amount of € 11.1 million (previous year: € 20.5 million). Devaluation of the US dollar exchange rate against the euro would have reduced the profit for the year by € 11.1 million (previous year: € 20.5 million).

*Capital risk management* The objectives of the Group in respect of capital management include, firstly, securing the Company as a going concern in order to be able to continue providing the shareholders with dividends and the other stakeholders with their due services and, secondly, maintaining an appropriate capital structure in order to optimise capital costs. Therefore, the amount of the dividend payments is adjusted to the respective requirements, capital is repaid to shareholders (withdrawal of treasury shares), new shares are issued or the portfolio of other assets is changed.

Based on the covenants defined in the credit agreements, the Group monitors its capital based on the equity ratio as well as the ratio of net debt to EBITDA (theoretical payback period for debts).

The Group's strategy is not to fall below an equity ratio of 40% and not to exceed a theoretical payback period for debts of 3.0 years, creating sufficient leeway to cushion the effects of adverse business developments and to secure the Company as a going concern even in times of crisis. Temporary deviations from the values are acceptable.

At the balance sheet date, the equity ratio was 41.0% and thus below the previous year's figure of 45.0%. At 1.3 years, the theoretical payback period for debts was above the previous year's figure of 0.6 years.

## 20. Contingent liabilities and other financial commitments

As of 31 March 2020, the Group has other financial commitments amounting to € 225,552 thousand (previous year: € 100,136 thousand) in connection with contractually binding investment projects. As of 31 March 2020, the maximum risk associated with liability for default was € 9,857 thousand (previous year: € 4,060 thousand) less coverage of the credit insurance applied. The liability for default corresponds to the theoretical maximum loss if a default of all transferred receivables incurs. The probability of needing to fall back on this liability is extremely low. The fair value of this risk is not material. Furthermore, at the balance sheet date the Group has no contingent liabilities from bank guarantees (previous year: € 0 thousand). There were no contingent liabilities from guarantees at the balance sheet date (previous year: € 0 thousand).

## 21. Share capital

	Outstanding shares in thousand shares	Ordinary shares € in thousands	Share premium € in thousands	Share capital € in thousands
31 Mar 2018	38,850	42,735	99,111	141,846
<b>31 Mar 2019</b>	<b>38,850</b>	<b>42,735</b>	<b>99,111</b>	<b>141,846</b>
<b>31 Mar 2020</b>	<b>38,850</b>	<b>42,735</b>	<b>99,111</b>	<b>141,846</b>

*Ordinary shares* The ordinary shares of the Company as of 31 March 2020 amounting to € 42,735 thousand are fully paid in (previous year: € 42,735 thousand) and are made up of 38,850,000 (previous year: 38,850,000) no-par value bearer shares with a notional value of € 1.10 each.

*Approved capital and conditional capital increase* By way of a resolution passed at the 25<sup>th</sup> Annual General Meeting on 4 July 2019, the Management Board was authorised until 3 July 2024 to increase the Company's ordinary shares, subject to the approval of the Supervisory Board, by up to € 21,367,500 by way of issuing up to 19,425,000 no-par value bearer shares, for contributions in cash or kind, in one or several tranches, also by way of indirect subscription rights, after having been taken over by one or more credit institutions in accordance with Section 153 (6) of the Austrian Stock Corporation Act (AktG). The Management Board was authorised, subject to the approval of the Supervisory Board, to determine the detailed terms and conditions of issue (in particular the issue amount, what the contribution in kind entails, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the approved capital.

Furthermore, by resolution of the 25<sup>th</sup> Annual General Meeting of 4 July 2019, the Management Board was authorised until 3 July 2024, subject to the approval of the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000 and to grant to bearers of convertible bonds conversion rights and/or subscription rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the convertible bond conditions to be defined by the Management Board. The Management Board was also authorised to completely or partially exclude shareholders' subscription rights to the convertible bonds. Furthermore, in doing so, the Company's ordinary shares were conditionally increased by up to € 21,367,500 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with Section 159 (2) No. 1 of the Austrian Stock Corporation Act (AktG). This conditional capital increase will only be carried out if the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 4 July 2019 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. Furthermore, the Management Board was authorised to determine, subject to approval from the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights). The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the issuance of shares from the conditional capital. The same applies in case the authorisation to issue convertible bonds is not exercised or the conditional capital is not used.

With regard to the approved capital and the conditional capital, the following definition of the amount in accordance with the resolutions passed at the 25<sup>th</sup> Annual General Meeting on 4 July 2019, is to be observed: the sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000 (limitation of authorised amount).

The Annual General Meeting also resolved to amend the Articles of Association in § 4 (Nominal capital) to reflect these changes.

*Outstanding shares* The number of shares issued amounts to 38,850,000 at 31 March 2020 (previous year: 38,850,000).

*Treasury shares* By a resolution passed at the 25<sup>th</sup> Annual General Meeting on 4 July 2019, the Management Board was again authorised to purchase, within a period of 30 months from the adoption of the resolution by the General Meeting, treasury shares to an amount of up to 10% of the nominal share capital of the Company for a minimum consideration per share at the most 30% lower than the average, unweighted stock exchange closing price over the preceding ten trading days and a maximum consideration per share at the most 30% higher than the average, unweighted stock exchange closing price over the preceding ten trading days. The treasury shares may be purchased via the stock exchange, by means of a public offering or any other legally permitted way and for any legally permitted purpose. The Management Board was also authorised to withdraw repurchased treasury shares and treasury shares already held by the Company without any further resolution by Annual General Meeting. The Supervisory Board was authorised to adopt amendments to the Articles of Association resulting from the withdrawal of the shares. Furthermore, the Management Board was authorised, for a period of five years, i.e. up to and including 3 July 2024, subject to approval of the Supervisory Board, to sell or use the repurchased treasury shares or treasury shares currently held by the Company other than via the stock exchange or by public offer in particular for the purposes of stock transfer programmes,

convertible bonds or as a consideration for the acquisition of entities, investments or other assets or for any other legal purpose, and to exclude a general purchase opportunity for shareholders. The authorisations granted by the resolution of the 23<sup>rd</sup> Annual General Meeting on 6 July 2017 on agenda items 8 and 9 were revoked.

As at 31 March 2020, the Group held no treasury shares.

*Dividend per share* In the financial year 2019/20, a dividend of € 0.60 was paid per share (previous year: € 0.36).

## 22. Other reserves

The reclassification adjustments of the other comprehensive income realised in the profit for the year and the movement in other reserves are as follows:

€ in thousands	Currency translation differences	Financial assets at fair value through OCI	Hedging instruments for cash flow hedges	Remeasurement of obligations from post-employment benefits	Other reserves
Carrying amount 31 Mar 2018	30,419	17	68	(2,999)	27,505
Balance of unrealised changes before reclassification, net of tax	24,466	–	(3,730)	–	20,736
Remeasurement of obligations from post-employment benefits	–	–	–	(5,797)	(5,797)
<b>Carrying amount 31 Mar 2019</b>	<b>54,885</b>	<b>17</b>	<b>(3,662)</b>	<b>(8,796)</b>	<b>42,444</b>
Balance of unrealised changes before reclassification, net of tax	(30,292)	–	(1,642)	–	(31,934)
Remeasurement of obligations from post-employment benefits, net of tax	–	–	–	(1,091)	(1,091)
<b>Carrying amount 31 Mar 2020</b>	<b>24,593</b>	<b>17</b>	<b>(5,304)</b>	<b>(9,887)</b>	<b>9,419</b>

With regard to the presentation of income taxes attributable to the individual components of the other comprehensive income, including reclassification adjustments, reference is made to Note 6 “Income taxes”.

## 23. Hybrid capital

On 17 November 2017, a hybrid bond was issued at a nominal amount of € 175,000 thousand and with an annual coupon of 4.75% which was paid out on 24 November 2017. The subordinated bond has a perpetual maturity and can be first called in and redeemed by AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, but not by the creditors, after five years. If the bond is not called in and redeemed after five years, the mark-up increases by 5.0% on the actual coupon.

As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue are recognised as part of equity. Accordingly, coupon payments are also presented as part of the appropriation of profit. The issue costs of the hybrid bond amounted to € 2,113 thousand. Therefore hybrid capital amounts to € 172,887 thousand (previous year: € 172,887 thousand).

## 24. Cash flow

In accordance with IAS 7, cash and cash equivalents comprise cash on hand and demand, deposits and current, liquid investments that can be converted into known cash amounts at any time and which are only subject to an insignificant risk of changes in value. The indirect method was used to prepare the Consolidated Statement of Cash Flows.

Cash flow from operating activities before changes in working capital in the financial year 2019/20 was € 165,367 thousand (previous year: € 205,972 thousand), cash flow from operating activities was € 185,123 thousand (previous year: € 170,534 thousand). The first-time application of IFRS 16 results in a positive effect on the cash flow from operating activities, as the previous operating lease payments, unless they are payments from short-term or low-value leases, are now shown under cash outflow from financing activities.

Cash flow from investing activities in the financial year 2019/20 amounts to € -116,629 thousand (previous year: € -276,579 thousand) and comprises investment activities in Leoben, Chongqing, Shanghai and India (€ -218,597 thousand) as well as investments of or return of liquid funds (€ 101,898 thousand). As of 31 March 2020, there are existing liabilities due to investments in the amount of € 62,866 thousand (previous year: € 31,172 thousand).

Cash flow from financing activities in the financial year 2019/20 amounts to € 17,924 thousand. The previous year's figure of € 147,199 thousand is mainly attributable to the cash inflow from the issue of a promissory note loan.

€ in thousands	2019/20	2018/19
Cash flow from operating activities before changes in working capital	165,367	205,972
Cash flow from operating activities	185,123	170,534
Cash flow from investing activities	(116,629)	(276,579)
Free cash flow	68,494	(106,045)
Cash flow from financing activities	17,924	147,199
Change in cash and cash equivalents	86,418	41,154
Currency effects on cash and cash equivalents	4,691	14,958
<b>Cash and cash equivalents at the end of the year</b>	<b>417,950</b>	<b>326,841</b>

The balance of cash and cash equivalents at the end of the financial year 2019/20 was € 417,950 thousand (previous year: € 326,841 thousand). This currently high amount is used to ensure further investments in affiliated entities.

The non-cash expense/income is as follows:

€ in thousands	2019/20	2018/19
Release of government grants	(3,470)	(2,880)
Other non-cash expense/(income), net	(10,845)	(14,643)
<b>Non-cash expense/(income), net</b>	<b>(14,315)</b>	<b>(17,523)</b>



## Net debt reconciliation:

€ in thousands	2019/20	2018/19
Cash and cash equivalents	417,950	326,841
Financial assets	136,435	239,945
Financial liabilities, current	(105,299)	(37,967)
Financial liabilities, non-current	(695,834)	(679,076)
<b>Net debt</b>	<b>(246,748)</b>	<b>(150,257)</b>

€ in thousands	Other assets		Financial Liabilities	Total
	Cash	Financial assets		
Net debt 31 Mar 2018	270,729	59,918	(539,884)	(209,237)
Cash flows	41,154	176,891	(164,386)	53,659
Foreign exchange adjustments	14,958	3,106	(3,853)	14,211
Other non-cash movements	–	30	(8,920)	(8,890)
<b>Net debt 31 Mar 2019</b>	<b>326,841</b>	<b>239,945</b>	<b>(717,043)</b>	<b>(150,257)</b>
Adoption of IFRS16 Leases			(26,589)	(26,589)
Cash flows	86,418	(101,768)	(59,679)	(75,029)
Foreign exchange adjustments	4,691	(1,812)	(279)	2,600
Other non-cash movements	–	70	2,457	2,527
<b>Net debt 31 Mar 2020</b>	<b>417,950</b>	<b>136,435</b>	<b>(801,133)</b>	<b>(246,748)</b>

## V. OTHER DISCLOSURES

### 25. Earnings per share

Earnings per share is calculated in accordance with IAS 33 “Earnings per Share”.

*Weighted average of outstanding shares* The number of shares issued is 38,850,000. As of 31 March 2020, no treasury shares are held, which would have had to be deducted in the calculation of earnings per share.

The weighted average number of outstanding shares for the basic earnings per share calculation amounts to 38,850 thousand in the financial year 2019/20 and to 38,850 thousand in the financial year 2018/19.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounts to 38,850 thousand in the financial year 2019/20 and to 38,850 thousand in the financial year 2018/19.

The following table shows the composition of the diluted weighted average number of outstanding shares in the respective periods:

in thousands	2019/20	2018/19
Weighted average number of shares outstanding – basic	38,850	38,850
Diluting effect	–	–
<b>Weighted average number of shares outstanding – diluted</b>	<b>38,850</b>	<b>38,850</b>

*Basic earnings per share* Basic earnings per share are calculated by dividing the profit for the period attributed to the shareholders of the Company by the weighted average number of outstanding ordinary shares in the same period.

	2019/20	2018/19
Profit for the year attributable to owners of the parent company (€ in thousands)	13,143	80,714
Weighted average number of shares outstanding – basic (in thousands)	38,850	38,850
<b>Basic earnings per share (in €)</b>	<b>0.34</b>	<b>2.08</b>

*Diluted earnings per share* Diluted earnings per share are calculated by dividing the profit for the period attributed to the shareholders of the Company by the weighted average number of outstanding shares including the number of potentially outstanding ordinary shares in the same period. The potentially outstanding ordinary shares comprise the additional shares to be issued for exercisable options or subscription rights and are included in diluted earnings per share.

	2019/20	2018/19
Profit for the year attributable to owners of the parent company (€ in thousands)	13,143	80,714
Weighted average number of shares outstanding – diluted (in thousands)	38,850	38,850
<b>Diluted earnings per share (in €)</b>	<b>0.34</b>	<b>2.08</b>

### 26. Material events after the balance sheet date

Until 13 May 2020 no events or developments had incurred, which would have led to a material change regarding the presentation or valuation of the single assets and liabilities compared with 31 March 2020.

The global spread of the corona virus (SARS-CoV-2) since January 2020 has led to some significant measures by governments worldwide to contain the pandemic. The resulting effects on the global economy as well as on the financial statement for 2020/21 are difficult to predict from today's perspective. At the moment we assume a recovery in future financial years. The forecasts in this report have been drawn up with this proviso.

Monika Stoisser-Göhring has decided to retire from the AT&S Management Board as of the end of the financial year 2019/20 for reasons of health in agreement with the supervisory board and the company. Andreas Gerstenmayer will become the interim CFO.

## 27. Related party transactions

In connection with various projects, the Group received consulting services from companies in which Supervisory Board chairman Mr. Androsch (AIC Androsch International Management Consulting GmbH) is operativ:

€ in thousands	2019/20	2018/19
AIC Androsch International Management Consulting GmbH	363	376
Frotz Riedl Rechtsanwälte	–	1
<b>Total</b>	<b>363</b>	<b>377</b>

## Members of the Management Board and the Supervisory Board

In the financial year 2019/20 and until the issue date of these consolidated financial statements, the following persons served on the *Management Board*:

- Andreas Gerstenmayer (Chairman)
- Monika Stoisser-Göhring (Deputy Chairwoman)
- Heinz Moitzi

In the financial year 2019/20, the following persons were appointed members of the *Supervisory Board*:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (First Deputy Chairman)
- Regina Prehofer (Second Deputy Chairwoman)
- Karl Fink
- Albert Hochleitner
- Gerhard Pichler (until 4 July 2019)
- Georg Riedl
- Karin Schaupp
- Gertrude Tumpel-Gugerell (since 4 July 2019)

Delegated by the Works Council:

- Wolfgang Fleck
- Siegfried Trauch
- Günter Pint
- Günther Wölfler

The number of outstanding stock appreciation rights and staff costs from stock appreciation rights granted are as follows:

	Number of outstanding stock appreciation rights		Staff costs (€ in thousands)	
	31 Mar 2020	31 Mar 2019	2019/20	2018/19
Andreas Gerstenmayer	150,000	150,000	137	(113)
Monika Stoisser-Göhring	90,000	65,000	(40)	(49)
Heinz Moitzi	90,000	60,000	(63)	(17)
<b>Total Management Board</b>	<b>330,000</b>	<b>275,000</b>	<b>34</b>	<b>(179)</b>
Karl Asamer <sup>1)</sup>	30,000	60,000	(150)	(507)
Total other executive employees	338,002	328,468	(226)	(253)
<b>Total</b>	<b>698,002</b>	<b>663,468</b>	<b>(342)</b>	<b>(939)</b>

<sup>1)</sup> Former member of the Management Board

Reference is made to the comments on the stock option plans under Note 14 "Trade and other payables".

Total compensation to the members of the Management Board and to executive employees in the financial year in accordance with IAS 24:

€ in thousands	2019/20			2018/19		
	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	532	284	816	532	714	1,246
Monika Stoisser-Göhring <sup>1)</sup>	423	–	423	391	175	566
Heinz Moitzi	429	–	429	417	186	603
Karl Asamer <sup>2)</sup>	–	–	–	–	142	142
Executive employees	5,796	136	5,932	5,212	1,443	6,655
<b>Total</b>	<b>7,180</b>	<b>420</b>	<b>7,600</b>	<b>6,552</b>	<b>2,660</b>	<b>9,212</b>

<sup>1)</sup> Exercises of stock appreciation rights, which were granted before the appointment of the Management Board member, are not included.

<sup>2)</sup> Former member of the Management Board

The variable compensation of Andreas Gerstenmayer includes remuneration from stock appreciation rights of € 284 thousand (previous year: € 427 thousand).

Besides the above mentioned compensation € 52 thousand (previous year: € 52 thousand) for Andreas Gerstenmayer and € 41 thousand (previous year: € 38 thousand) for Monika Stoisser-Göhring were paid into a pension fund.

In accordance with IAS 24, these are key management personnel who have direct or indirect authority and responsibility for planning, directing and controlling the activities of the entity; this includes managing directors of that entity.

Expenses for severance payments and retirement benefits for current and former members of the Management Board, executive employees and their surviving dependants are as follows:

€ in thousands	Severance payments Financial year		Pensions Financial year	
	2019/20	2018/19	2019/20	2018/19
Expenses recognised in profit for the period	195	261	443	299
Remeasurement recognised in other comprehensive income	78	174	(856)	6,503

Total remuneration for services rendered personally by members of the Supervisory Board attributable to the financial year and proposed to the Annual General Meeting:

€ in thousands	2019/20			2018/19		
	Fixed	Variable	Total	Fixed	Variable	Total
Hannes Androsch	67	–	67	65	14	79
Willibald Dörflinger	53	–	53	51	9	60
Regina Prehofer	55	–	55	53	9	62
Karl Fink	30	–	30	30	7	37
Albert Hochleitner	30	–	30	30	7	37
Gerhard Pichler	8	–	8	34	7	41
Georg Riedl	40	–	40	38	7	45
Karin Schaupp	30	–	30	30	7	37
Gertrude Tumpel-Gugerell	24	–	24	–	–	–
<b>Total</b>	<b>337</b>	<b>–</b>	<b>337</b>	<b>331</b>	<b>67</b>	<b>398</b>

Shareholdings of the Management Board and the Supervisory Board at 31 March 2020:

	Shares	% capital
Management Board members:		
Andreas Gerstenmayer	10,000	0.03
Monika Stoisser-Göhring	6,000	0.01
Heinz Moitzi	8,001	0.02
<b>Total Management Board members</b>	<b>24,001</b>	<b>0.06</b>
Supervisory Board members:		
Hannes Androsch	120,258	0.31
Other members of the Supervisory Board	15,482	0.04
<b>Total Supervisory Board members</b>	<b>135,740</b>	<b>0.35</b>
Private foundations:		
Androsch Privatstiftung	6,819,337	17.55
Dörflinger Privatstiftung	6,902,380	17.77
<b>Total private foundations</b>	<b>13,721,717</b>	<b>35.32</b>
<b>Total</b>	<b>13,881,458</b>	<b>35.73</b>

## 28. Expenses for the Group auditor

The expenses for the financial year for the Group auditor are as follows:

€ in thousands	2019/20	2018/19
Audit of consolidated and separate financial statements	137	137
Other assurance services	27	4
Other services	46	69
<b>Total</b>	<b>210</b>	<b>210</b>

This item does not include expenses for other network members of the Group auditor, e.g. for the audit of financial statements of subsidiaries or tax consulting services.

## 29. Number of staff

The average numbers of staff in the financial year are as follows:

	2019/20	2018/19
Waged workers	7,437	7,321
Salaried employees	2,802	2,490
<b>Total</b>	<b>10,239</b>	<b>9,811</b>

The calculation of the number of staff includes an average of 256 leased personnel for the financial year 2019/20 and an average of 371 for the financial year 2018/19.

Leoben-Hinterberg, 13 May 2020

The Management Board

Andreas Gerstenmayer m.p.

Monika Stoisser-Göhring m.p.

Heinz Moitzi m.p.

# STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Leoben-Hinterberg, 13 May 2020

The Management Board

Andreas Gerstenmayer m.p.  
Chief Executive Officer

Monika Stoisser-Göhring m.p.  
Chief Financial Officer

Heinz Moitzi m.p.  
Chief Operations Officer

# AUDITOR'S REPORT

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

## Report on the Consolidated Financial Statements

### Audit Opinion

We have audited the consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at March 31, 2020, the separate Consolidated Statement of Profit or Loss, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the fiscal year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at March 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a Austrian Commercial Code.

### Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 (hereinafter EU Regulation) and Austrian generally accepted auditing standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with Austrian Generally Accepted Accounting Principles and professional requirements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have structured key audit matters as follows:

- Description
- Audit approach and key observations
- Reference to related disclosures



## 1. Deferred tax assets from tax loss carry-forwards and other deductible temporary differences

### ▪ Description

The Group capitalized deferred tax assets in a total amount of EUR 25,984k (prior year: EUR 35,555k). This amount includes deferred tax assets from tax loss carry-forwards and amortization of goodwill under tax law in the amount of EUR 19,652k (prior year: EUR 22,648k) as well as deductible temporary differences in the amount of EUR 6,332k (prior year: EUR 12,907k).

Deferred tax assets are capitalized based on the assumption that sufficient taxable income will be generated within a planning period of at least 5 years against which tax loss carry-forwards and other deductible temporary differences can be offset. These assumptions are based on estimates of current and planned taxable results and any future measures implemented by the companies concerned that will have an effect on tax.

The assessment of the matter described requires professional judgment and involves estimation uncertainties and thus includes the risk of a material misstatement in the consolidated financial statements, therefore constituting a key audit matter.

### ▪ Audit approach and key observations

We:

- Identified, for significant companies, the process used to determine the future taxable results that serve as a basis for the calculation of deferred tax assets,
- Performed plausibility checks for significant companies to evaluate if the budgeted figures used are plausible when compared to our knowledge of the planned course of business,
- Received tax advisor confirmation letters to confirm the existence and accuracy of the tax loss carry-forwards,
- Analyzed and confirmed samples of the accounting assumptions on the possibility to utilize tax loss carry-forwards and deductible temporary differences, and
- Audited the presentation and disclosures in the notes to the consolidated financial statements.

We consider the capitalization of deferred tax assets from tax loss carry-forwards and other deductible temporary differences to be justified and reasonable in amount.

### ▪ Reference to related disclosures

For further related information, we refer to the notes to the consolidated financial statements, section I. B. (e.) on accounting and measurement policies in respect of income taxes, section I. C. critical accounting estimates and assumptions concerning recognition and measurement, measurement of deferred tax assets and current income tax liabilities, as well as section III. 6. comments on income taxes.

## 2. Revenue recognition over time under IFRS 15

### ▪ Description

Pursuant to IFRS 15 Revenue from Contracts with Customers, the Group recognizes revenue over time for part of the customers. Pursuant to IFRS 15.35 c, revenue must be recognized over time when products specifically tailored to the needs of the customers are produced and thus have no alternative use and the entity has an enforceable right to payment for performance of the service completed to date, including a margin.

As at March 31, 2020, the Group states contract assets in the amount of EUR 67,763k (prior year: EUR 72,307k) after considering any impairment pursuant to IFRS 9. Revenue from revenue recognition over time amounts to EUR 645,121k in the fiscal year 2019/20 (prior year: EUR 606,978k).

From our perspective, recognizing contracts with customers (over time) pursuant to IFRS 15 represents an area with major risk of material misstatements (including the possible risk of executive employees evading controls) and thus poses a key audit matter since in the required group-wide consideration of the contractual framework with regard to the new accounting-relevant criteria for determining the respective customers, management's judgments have a major impact, and partly complex calculation methods are used in determining the stage of completion. Additionally, in applying the accounting standard IFRS 15 on a group-wide basis, the respective revenue recognition and deferral of revenue was to be considered as complex.

### ▪ Audit approach and key observations

We:

- Assessed management's conclusions with regard to the implementation of IFRS 15 by evaluating samples of various contract analyses and the correctness of the modified accounting principles of the Group, taking into account industry-typical circumstances and our understanding of the business,
- Tested the appropriateness of accounting based on samples and evaluated the adjustments to the opening balance resulting therefrom,
- Tested the effectiveness of selected key controls for revenue recognized in the course of the year and performed audit procedures to obtain sufficient audit evidence for revenue recognition of customer contracts over time,
- Assessed samples of costs included in contract assets by comparing the amounts to the source data, evaluating mathematical accuracy of the calculations and testing their recoverability by comparing their net realizable values with the total costs estimated in accordance with the agreements, and
- Moreover, assessed the correctness of the disclosures under IFRS 15.

Our audit procedures did not result in any objections with regard to the accounting of customer contracts over time and revenue recognition pursuant to IFRS 15 resulting therefrom.

### ▪ Reference to related disclosures

For further related information, we refer to the notes to the consolidated financial statements, section I. B. (d.) on accounting and measurement policies in respect of recognition of revenues from contracts with customers. In addition, we refer to the disclosures on revenue in the notes to the consolidated financial statements, section III. 1. as well as those on contract assets in section IV. 11.

## Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation and with Austrian generally accepted auditing standards, which require the application of ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and with Austrian generally accepted auditing standards, which require the application of ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with all relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### *Comments on the Group Management Report*

Pursuant to the Austrian Commercial Code, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the group management report was prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the group management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the group management report.

*Opinion* In our opinion, the group management report was prepared in accordance with the applicable legal requirements, includes accurate disclosures pursuant to Section 243a UGB and is consistent with the consolidated financial statements.

*Statement* Based on the findings during the audit of the consolidated financial statements and due to the obtained understanding concerning the Group and its circumstances no material misstatements in the group management report came to our attention.

### Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the group management report and the auditor's report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### **Additional Information in Accordance with Article 10 of the EU Regulation**

We were appointed as statutory auditor at the general meeting dated July 4, 2019. We were subsequently engaged by the supervisory board. We have audited the Company for an uninterrupted period of more than 20 years.

We confirm that the audit opinion in the “Report on the Consolidated Financial Statements” section is consistent with the additional report to the audit committee referred to in Article 11 of the EU Regulation.

We declare that we did not provide any prohibited non-audit services (Article 5 (1) of the EU Regulation) and that we remained independent of the audited company in conducting the audit.

### **Responsible Engagement Partner**

Responsible for the proper performance of the engagement is Mr. Jürgen Schauer, Austrian Certified Public Accountant.

Vienna, May 13, 2020

PwC Wirtschaftsprüfung GmbH

signed:

Jürgen Schauer  
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication and sharing with third parties of the consolidated financial statements together with our auditor's report is only allowed if the consolidated financial statements and the group management report are identical with the German audited version. This auditor's report is only applicable to the German and complete consolidated financial statements with the group management report. For deviating versions, the provisions of Section 281 (2) UGB apply

# INFORMATION



10-year timeline



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# KEY DATA 10-YEAR TIMELINE

IFRS	Unit	2010/11	2011/12	2012/13 <sup>1)</sup>	2013/14
<b>EARNINGS DATA AND GENERAL INFORMATION</b>					
Revenue	€ in millions	487.9	514.2	541.7	589.9
thereof produced in Asia		69%	73%	74%	76%
thereof produced in Europe		31%	27%	26%	24%
Cost of sales	€ in millions	398.2	430.7	464.6	471.1
Gross profit	€ in millions	89.8	83.5	77.1	118.8
Gross profit margin		18.4%	16.2%	14.2%	20.1%
EBITDA	€ in millions	95.9	103.4	102.4	127.2
EBITDA margin		19.7%	20.1%	18.9%	21.6%
EBIT	€ in millions	46.5	42.1	31.4	53.9
EBIT margin		9.5%	8.2%	5.8%	9.1%
Profit for the period <sup>2)</sup>	€ in millions	35.0	26.5	14.6	38.2
Profit for the period attributable to owners of the parent company	€ in millions	35.2	26.6	14.6	38.2
Cash earnings	€ in millions	84.6	87.8	85.6	111.4
ROE (Return on equity) <sup>3)</sup>		16.0%	10.3%	5.0%	11.0%
ROCE (Return on capital employed) <sup>2), 3)</sup>		9.8%	7.7%	5.6%	9.6%
ROS (Return on sales)		7.2%	5.2%	2.7%	6.5%
IRR (Innovation revenue rate)		–	15.0%	19.2%	26.5%
Cash flow from operating activities (OCF)	€ in millions	70.7	87.2	71.7	104.8
Net CAPEX	€ in millions	115.1	113.1	40.5	90.3
Operating free cash flow	€ in millions	(44.4)	(25.9)	31.2	14.5
Free cash flow	€ in millions	(46.0)	(26.4)	31.1	14.5
Employees (incl. leased personnel), end of reporting period		7,486	7,478	7,011	7,129
Employees (incl. leased personnel), average		6,987	7,417	7,321	7,027
<b>BALANCE SHEET DATA</b>					
Total assets	€ in millions	575.3	694.6	726.7	916.1
Total equity	€ in millions	229.8	283.1	304.8	390.7
Equity attributable to owners of the parent company	€ in millions	229.5	283.2	304.9	390.7
Equity ratio		39.9%	40.8%	42.0%	42.7%
Net debt	€ in millions	193.7	242.5	217.4	110.9
Net gearing		84.3%	85.7%	71.3%	28.4%
Net working capital	€ in millions	79.4	92.3	102.7	91.7
Net working capital per revenue		16.3%	18.0%	19.0%	15.6%
<b>STOCK EXCHANGE DATA</b>					
Shares outstanding end of reporting period		23,322,588	23,322,588	23,322,588	38,850,000
Weighted average number of shares outstanding		23,322,588	23,322,588	23,322,588	30,820,545
Earnings per shares outstanding end of reporting period	€	1.51	1.14	0.62	0.98
Earnings per average number of shares outstanding	€	1.51	1.14	0.62	1.24
Cash earnings per average number of shares	€	3.63	3.76	3.67	3.61
Dividend per share <sup>4)</sup>	€	0.36	0.32	0.20	0.20
Closing price	€	15.84	9.15	6.79	8.75
Dividend yield (at the closing price) <sup>4)</sup>		2.3%	3.5%	2.9%	2.3%
Market capitalisation, end of reporting period	€ in millions	369.4	213.4	158.4	339.9
Market capitalisation per equity <sup>5)</sup>		161.0%	75.4%	51.9%	87.0%

1) Adjusted in application of IAS 19 revised.

2) 2018/19: Adjusted taking into account IAS 12 revised.

3) Calculated on the basis of average values.

4) 2019/20: Proposal to the Annual General Meeting.

5) Equity attributable to owners of the parent company.



2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Change prior year	Compound Annual Growth Rate 10 years
667.0	762.9	814.9	991.8	1,028.0	1,000.6	(2.7%)	7.4%
79%	81%	82%	84%	85%	87%	-	-
21%	19%	18%	16%	15%	13%	-	-
511.6	611.2	760.2	829.5	860.8	897.7	4.3%	8.5%
155.4	151.6	54.7	162.3	167.2	102.9	(38.4%)	1.4%
23.3%	19.9%	6.7%	16.4%	16.3%	10.3%	-	-
167.6	167.5	130.9	226.0	250.1	194.5	(22.2%)	7.3%
25.1%	22.0%	16.1%	22.8%	24.3%	19.4%	-	-
90.1	77.0	6.6	90.3	117.2	47.4	(59.6%)	0.2%
13.5%	10.1%	0.8%	9.1%	11.4%	4.7%	-	-
69.3	56.0	(22.9)	56.5	89.0	21.5	(75.9%)	(4.8%)
69.3	56.0	(22.9)	53.6	80.7	13.1	(83.7%)	(9.4%)
146.8	146.5	101.8	192.2	213.6	160.3	(25.0%)	6.6%
13.9%	9.5%	(4.1%)	9.0%	11.5%	2.7%	-	-
12.0%	8.2%	(0.6%)	7.7%	9.7%	2.8%	-	-
10.4%	7.3%	(2.8%)	5.7%	8.5%	2.1%	-	-
29.2%	19.6%	21.8%	40.4%	35.3%	30.9%	-	-
143.9	136.9	136.4	143.2	170.5	185.1	8.6%	10.1%
164.8	254.3	240.7	141.7	100.8	218.5	>100%	6.6%
(20.9)	(117.3)	(104.3)	1.5	69.7	(33.4)	-	n.a.
(20.9)	(205.3)	(24.7)	(50.2)	(106.0)	68.5	-	-
8,120	9,116	9,778	9,734	9,624	10,319	7.2%	3.3%
7,638	8,759	9,526	9,981	9,811	10,239	4.4%	3.9%
1,220.8	1,344.7	1,436.7	1,530.4	1,784.1	1,853.5	3.9%	12.4%
604.4	568.9	540.1	711.4	803.5	760.3	(5.4%)	12.7%
604.3	568.9	540.1	711.4	803.5	760.3	(5.4%)	12.7%
49.5%	42.3%	37.6%	46.5%	45.0%	41.0%	-	-
130.5	263.2	380.5	209.2	150.3	246.7	64.2%	2.4%
21.6%	46.3%	70.5%	29.4%	18.7%	32.5%	-	-
95.3	88.4	24.4	72.4	160.5	144.4	(10.0%)	6.2%
14.3%	11.6%	3.0%	7.3%	15.6%	14.4%	-	-
38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	-	5.2%
38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	38,850,000	-	5.2%
1.78	1.44	(0.59)	1.38	2.08	0.34	(83.7%)	(13.9%)
1.78	1.44	(0.59)	1.38	2.08	0.34	(83.7%)	(13.9%)
3.78	3.77	2.62	4.95	5.50	4.13	(24.9%)	1.3%
0.36	0.36	0.10	0.36	0.60	0.25	(58.3%)	(3.6%)
14.62	12.90	10.29	22.00	15.30	13.41	(12.4%)	(1.7%)
2.5%	2.8%	1.0%	1.6%	3.9%	1.9%	-	-
568.0	501.2	399.8	854.7	594.4	521.0	(12.4%)	3.5%
94.0%	88.1%	74.0%	120.1%	74.0%	68.5%	-	-

# GLOSSARY

## AT&S Toolbox

Combination of existing and new technologies which enables new interconnect solutions and the functional integration at all connection levels.

## CMRT

Conflict Minerals Reporting Template – Questionnaire to collect information on conflict minerals.

## COSO standard

Internationally recognised standard for Internal Control Systems (ICS) and risk management published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

## Embedding

Integrating active and/or passive electronic components inside printed circuit boards.

## FanOut

“FanOut” is a technology in which additional wiring layers are applied to a chip, which extend beyond the chip area. This enlarged area thus enables better distribution of contacts to the printed circuit board.

## FCBGA

Flip Chip Ball Grid Array – Technology in which the chip surface is brought into direct contact with the substrate surface via solder balls.

## Functional integration

Refers to the integration of several functions of an electronic system in a module.

## IIA standard

Standards for measures and the assessment of the quality of internal auditing specified by the Institute of Internal Auditors (IIA).

## ILO

International Labour Organization.

## Intellectual property

In contrast to tangible property, intellectual property is the right to intangible property such as a technical invention.

## IRR

The Innovation Revenue Rate represents the share of total revenue generated from products that feature new, innovative technologies and have been introduced in the past three years.

**Lean Six Sigma**

Management system for efficiency and process improvement. The core element of the system is the description, measurement, analysis, improvement and monitoring of business processes using statistical methods.

**mSAP/SAP**

Modified semi-additive process or semi-additive process.

**Net CAPEX**

Capital expenditure net of receipts from the disposal of property, plant and equipment and intangible assets.

**NOPAT**

Net operating profit after tax represents annual profit adjusted to exclude net finance costs. For calculation, please refer to the Group Management Report.

**RBA**

Responsible Business Alliance – Code of Conduct (formerly Electronic Industry Citizenship Coalition (EICC)) for working conditions in the supply chain of the electronics industry.

**REACH**

European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals.

**RMI**

Responsible Minerals Initiative – Principles for the responsible sourcing of conflict minerals.

**RoHS**

Restriction of Hazardous Substances in electrical and electronic Equipment.

**SDGs**

Sustainable Development Goals of the United Nations.

**System in Package (SiP)**

Consists of one or more semiconductors and passive components that form a system or a functional block.

**TCFD**

Task Force on Climate-related Financial Disclosure – Initiative for corporate reporting on climate-related financial opportunities and risks.

**WACC**

Weighted Average Cost of Capital represents the average cost that a company has to pay to obtain equity or debt capital.



# IMPRINT



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AT & S Austria Technologie & Systemtechnik Aktiengesellschaft  
Fabriksgasse 13  
8700 Leoben, Austria  
www.ats.net

## Contact

Gerda Königstorfer  
Phone.: +43 (0)3842 200-0  
ir@ats.net

## Concept and design (general section)

Berichtsmanufaktur GmbH, Hamburg

## Photos

Lukas Johannes Aigner: page 22  
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## Disclaimer

This report contains forward-looking statements which were made on the basis of the information available at the time of publication. These can be identified by the use of such expressions as “expects”, “plans”, “anticipates”, “intends”, “could”, “will”, “aim” and “estimation” or other similar words. These statements are based on current expectations and assumptions. Such statements are by their very nature subject to known and unknown risks and uncertainties. As a result, actual developments may vary significantly from the forward-looking statements made in this report. Recipients of this report are expressly cautioned not to place undue reliance on such statements. Neither AT&S nor any other entity accept any responsibility for the correctness and completeness of the forward-looking statements contained in this report. AT&S undertakes no obligation to update or revise any forward-looking statements, whether as

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Percentages and individual items presented in this report are rounded, which may result in rounding differences.

This report in no way represents an invitation or recommendation to buy or sell shares in AT&S.

The report is published in German and English. In case of doubt, the German version is binding.

No responsibility accepted for errors or omissions.

Published on 10 June 2020

# Driving

## Sustainability

**THE STRATEGIC ORIENTATION** leads to a high level of social, ecological and economic responsibility. In addition to long-term economic success and expanding the ability to innovate, AT&S is also focusing on strong and sustainable relationships and the creation of stakeholder value.

**FIRST CHOICE  
FOR ADVANCED  
APPLICATIONS**

**STRONG**  
FOR  
*tomorrow*

# What we are proud of\_

- \_Sustainability strategy with ambitious energy and diversity goals
- \_Strong crisis management in the COVID-19 crisis
- \_Non-financial risk management integrated into group-wide risk management
- \_High standards in environment, energy, quality, health & safety
- \_Expansion of reporting for more transparency
- \_Share of women in leadership positions of 21%

# We are committed to\_

- RBA
- RMI
- SDGs
- OECD guidelines
- ILO
- ISO



# WE FOLLOW!

The SDGs that guide us\_ We have rated 9 of the 17 SDGs as relevant to us.

# 4

## strategic fields of action and allocated material topics\_

Corporate strategy
Stakeholder
SDGs
Global trends
Opportunities and risks



### Environment & Resources

\_ Efficient production



### Sustainable Innovation

\_ Innovation



### Employees & Society

\_ Occupational health and safety  
\_ Knowledge  
\_ Diversity  
\_ Anti-corruption



### Sustainable Supply Chain

\_ Human rights



**OPEN-MINDEDNESS, RESPONSIBILITY, COMMITMENT**  
are the values guiding us in achieving our strategic goals.

## What we are aiming for\_

- \_ 80% renewable energies
- \_ Life cycle assessment of product groups
- \_ 30% share of women in leadership positions
- \_ Strengthening partnerships with suppliers

[www.ats.net](http://www.ats.net)