

AT&S

First choice for advanced applications

Conference Call - FY 2018/19

May 07, 2019

AT&S

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft | Fabriksgasse 13 | A-8700 Leoben

Tel +43 (0) 3842 200-0

www.ats.net

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Highlights in the financial year 2018/19

Another outstanding year

- AT&S benefits from the initiatives to diversify the technology and application portfolio
 - Ideally positioned for high-tech applications for Mobile Devices, Automotive, Medical, Industrial and IC substrates
 - AT&S can participate in the future trends in all areas, even though environment is currently challenging in some areas
- Revenue and earnings figures improved again despite a very challenging market environment
- Weak demand in the Mobile Devices, Automotive and Industrial segments in the second half of the year
- Diversified product, technology and customer portfolio and high innovative capability help to compensate for market fluctuations
- Attractive return for shareholders
 - Dividend proposal increased by 66.7% year-on-year to € 0.60 (previous year: € 0.36) per share

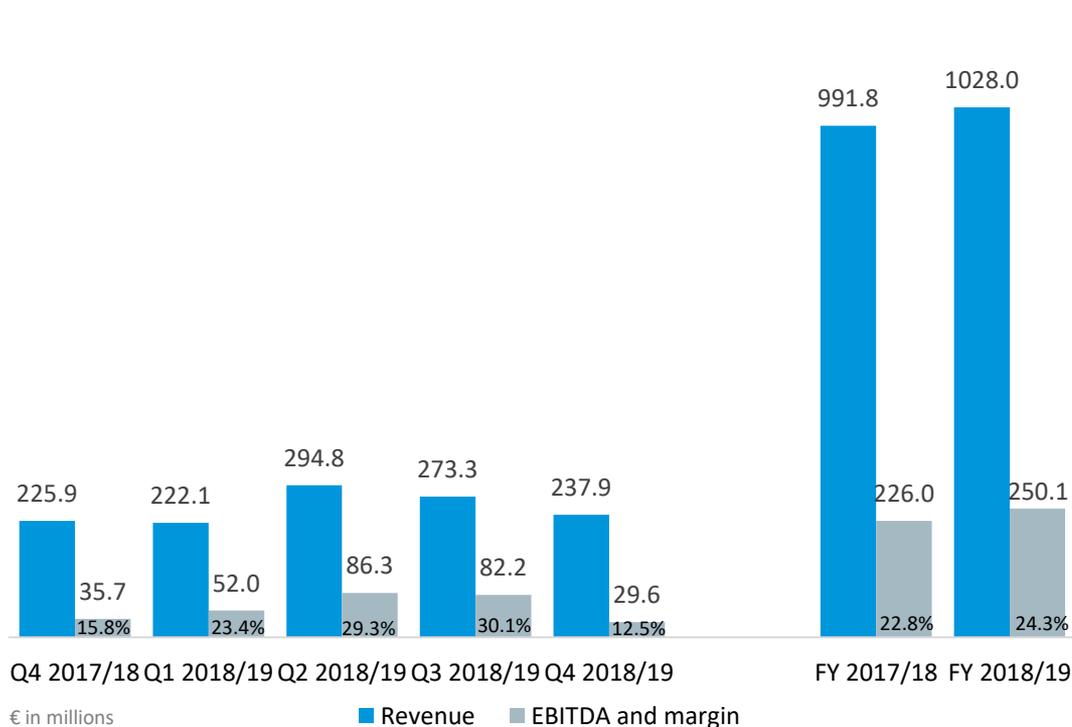
Preliminary results for the financial year 2018/19

Record revenue and EBITDA levels

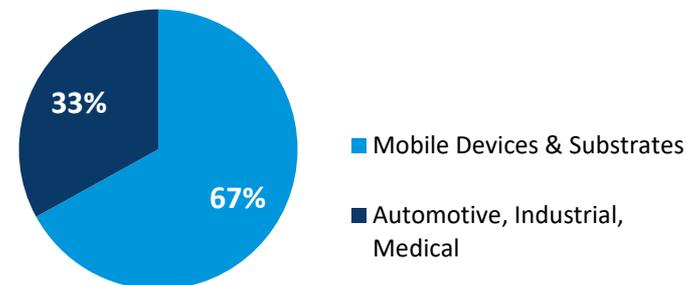
- Revenue amounts to € 1,028.0 million, reaching a record level for the ninth consecutive time
 - Very strong demand for IC substrates and in the Medical & Healthcare segment
 - Effects from the implementation of the new IFRS 15 increase revenue by € 22.5 million
- EBITDA rises to € 250.1 million thanks to productivity increases
 - Efficiency and productivity improvements and better product mix
 - US dollar development and IFRS 15 have a positive impact on earnings
 - EBITDA margin up to 24.3% (PY: 22.8%)
 - EBIT margin improves to 11.4% (PY: 9.1%)
- EPS up 51% to € 2.08
- Capex of € 100.8 million financed from operating cash flow
- Equity ratio, at 45.0% (previous year: 46.5%) despite issue of promissory note loan at a solid level
- Repayment period (net debt/EBITDA) further reduced to 0.6 years

Revenue and EBITDA development

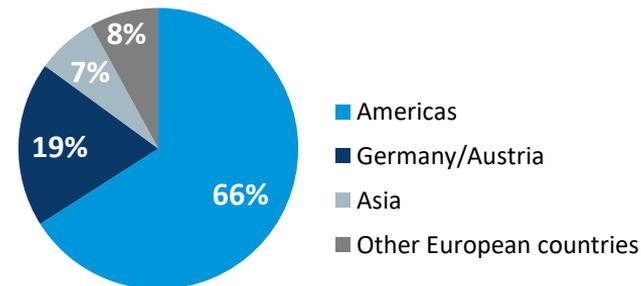
Revenue increase of 3.6% and EBITDA rise of 10.7%



Revenue split by segment: FY 2018/19



Revenue split by region*: FY 2018/19



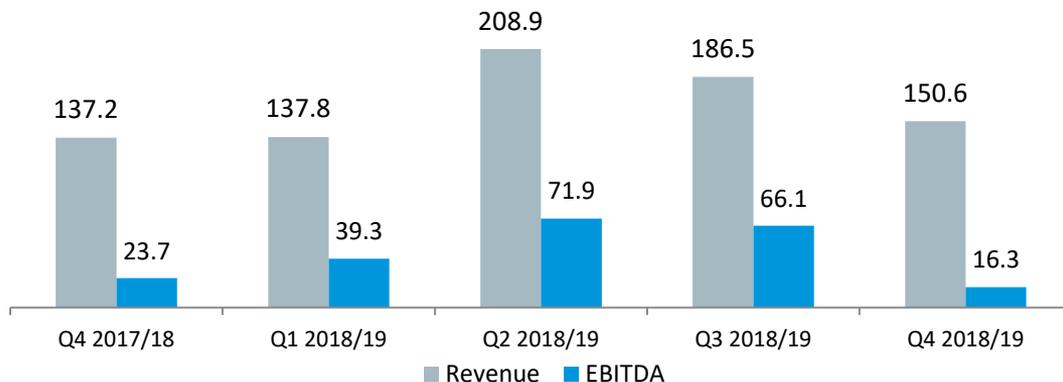
*based on customer's headquarters

Business Development – Mobile Devices & Substrates

€ in millions (unless otherwise indicated)	FY 2017/18	FY 2018/19	Change in %
Revenue	738.9	776.0	5.0%
Revenue with external customers	648.0	683.9	5.5%
EBITDA	179.0	193.5	8.1%
EBITDA margin	24.2%	24.9%	

- Declining demand for mobile devices
- Segment benefited from higher sales volume and higher-value portfolio of IC substrates
- Earnings positively influenced by currency effects
- Successfully implemented measures to improve efficiency and productivity

Revenue* and EBITDA



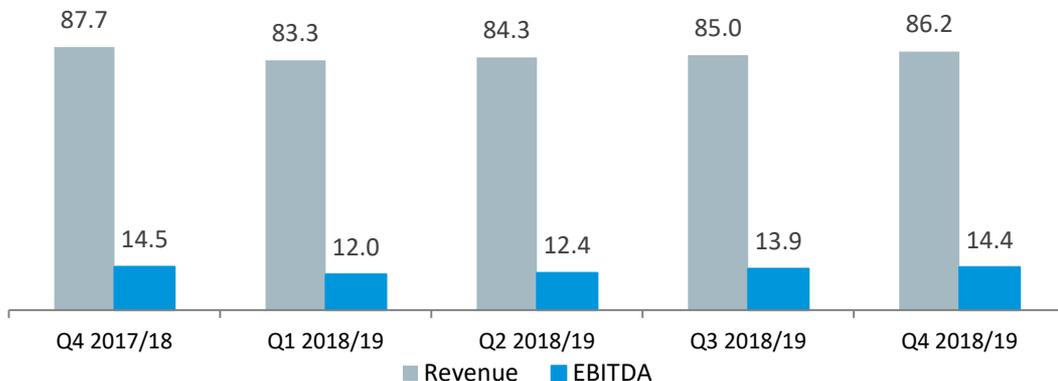
€ in millions; * Revenue with external customers

Business Development – Automotive, Industrial, Medical

€ in millions (unless otherwise indicated)	FY 2017/18	FY 2018/19	Change in %
Revenue	364.9	365.2	0.1%
Revenue with external customers	339.3	338.9	-0.1%
EBITDA	46.8	52.6	12.5%
EBITDA margin	12.8%	14.4%	

- Medical & Healthcare records growth
- Weaker market-related demand in Automotive and Industrial
- EBITDA positively influenced by product mix and exchange rate effects

Revenue* and EBITDA



€ in millions; * Revenue with external customers

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Financials FY 2018/19

€ in thousands (unless otherwise stated)	01 Apr 2017 – 31 Mar 2018	01 Apr 2018 – 31 Mar 2019	Change YoY
STATEMENT OF PROFIT OR LOSS			
Revenue	991,843	1,027,983	3.6%
produced in Asia	84%	85%	1pp
produced in Europe	16%	15%	(1pp)
EBITDA	225,978	250,098	10.7%
EBITDA margin	22.8%	24.3%	1.6pp
EBIT	90,286	117,210	29.8%
EBIT margin	9.1%	11.4%	2.3pp
Finance costs – net	(14,775)	(2,018)	86.3%
Income taxes	(18,992)	(28,243)	(48.7%)
Profit/(loss) for the year	56,519	86,949	53.8%
Cash earnings	192,211	219,836	14.4%
Earnings per share	€ 1.38	€ 2.08	50.7%

➔ IC substrates and Medical & Healthcare with good demand
Positively impacted by IFRS 15 (€ 22.5 mn)

➔ Positively impacted by FX effects in other income, IFRS 15 and better product mix

➔ Positive FX effects
Higher interest income effected by higher volume in time deposits

Financials FY 2018/19

€ in thousands (unless otherwise stated)	31 Mar 2018	31 Mar 2019	Change
STATEMENT OF FINANCIAL POSITION			
Non-current assets	944,267	898,275	(4.9%)
Current assets	586,172	885,831	51.1%
Equity	711,391	803,451	12.9%
Non-current liabilities	515,276	749,228	45.4%
Current liabilities	303,772	231,427	(23.8%)
Total assets	1,530,439	1,784,106	16.6%
Net debt	209,237	150,258	(28.2%)
Net debt/EBITDA	0.9x	0.6x	(0.3)
Net gearing	29.4%	18.7%	(10.7pp)
Net working capital	72,437	160,537	>100%
Net working capital per revenue	7.3%	15.6%	8.3pp
Equity ratio	46.5%	45.0%	(1.5pp)

- ➔ Increase in cash, financial assets and accounts receivables
- ➔ Increase mainly due to higher profit
Positively impacted by FX effects
- ➔ Issuance of a promissory note

➔ Decrease results from positive operating free cash flow

➔ Impacted by increase in accounts receivables

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

Financials FY 2018/19

€ in thousands	01 Apr 2017 – 31 Mar 2018	01 Apr 2018 – 31 Mar 2019	Change YoY
STATEMENT OF CASH FLOWS			
Operating result (EBIT)	90,286	117,210	29.8%
Paid/received interests	(13,875)	(8,685)	37.4%
Income taxes paid	(26,015)	(28,788)	(10.7%)
Non cash bearing of profit or loss	141,705	126,235	(10.9%)
Cash flow from operating activities before changes in working capital	192,101	205,972	7.2%
Changes in working capital	(48,910)	(35,438)	27.5%
Cash flow from operating activities	143,191	170,534	19.1%
Cash flow from investing activities	(193,389)	(276,579)	(43.0%)
Cash flow from financing activities	135,547	147,199	8.6%
Change in cash and cash equivalents	85,349	41,154	(51.8%)
Operating free cash flow ¹⁾	1,492	69,698	>100%
Free cash flow ²⁾	(50,198)	(106,045)	(>100%)

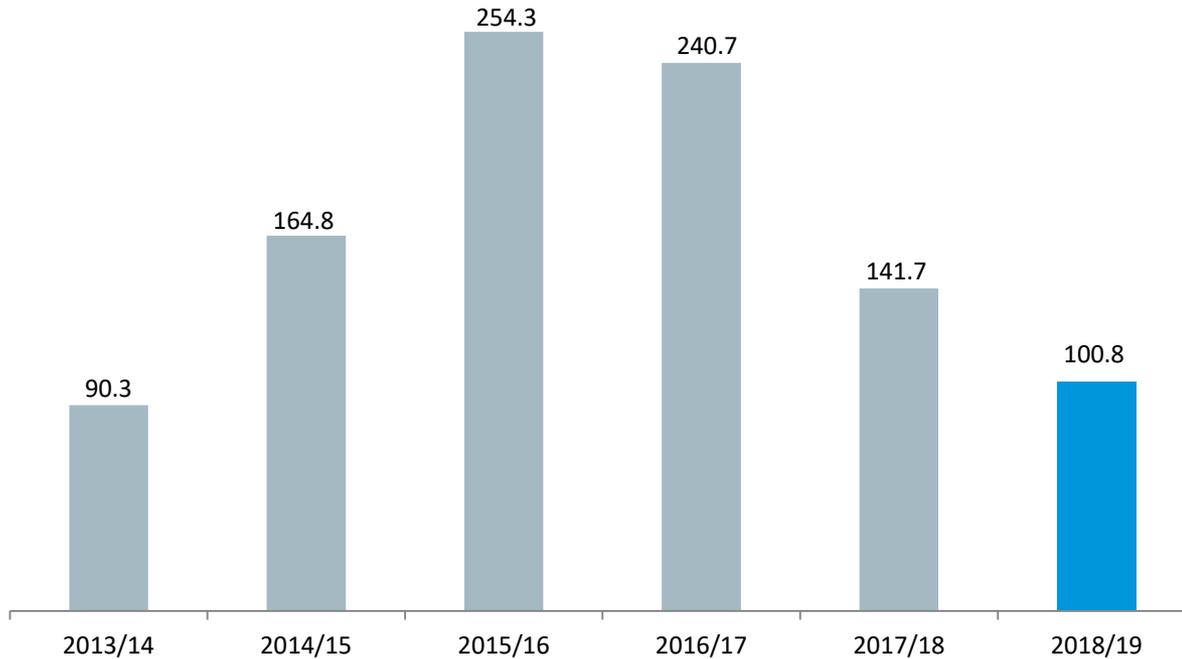
- ➔ Based on higher earnings
- ➔ Thereof CAPEX (€ 101mn) and temporary net investment in financial assets (€ 176mn)
- ➔ Issue of a promissory note
Repayments of borrowings
- ➔ Based on improved operating cash flow and lower CAPEX needs

¹⁾ Cash flow from operating activities minus Net CAPEX

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

Net CAPEX

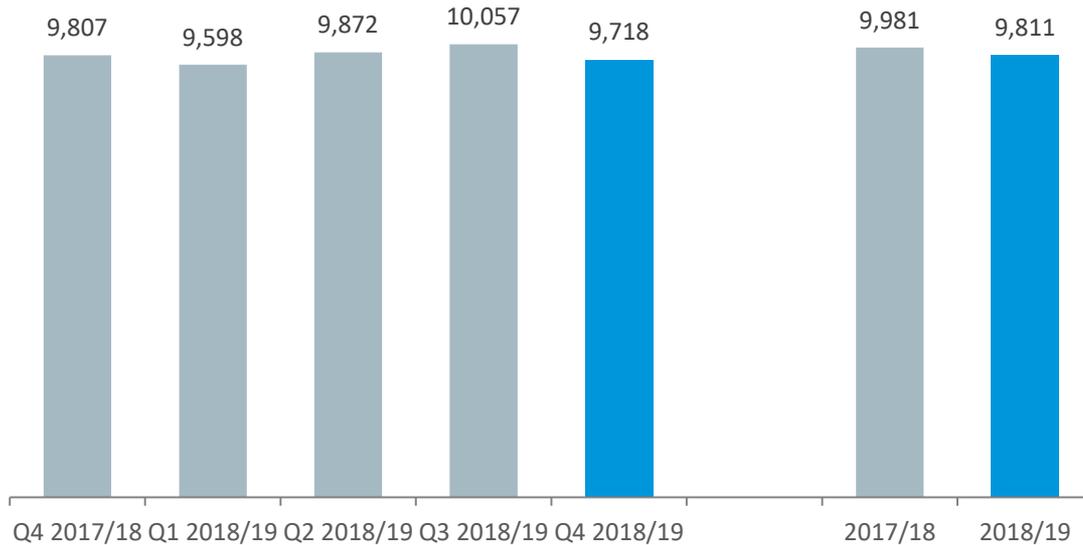
Focus on maintenance investments and technology upgrades



€ in millions

Headcount

Efficiency and productivity improvement resulted in headcount reduction



* incl. contractors, FTE, average for the period

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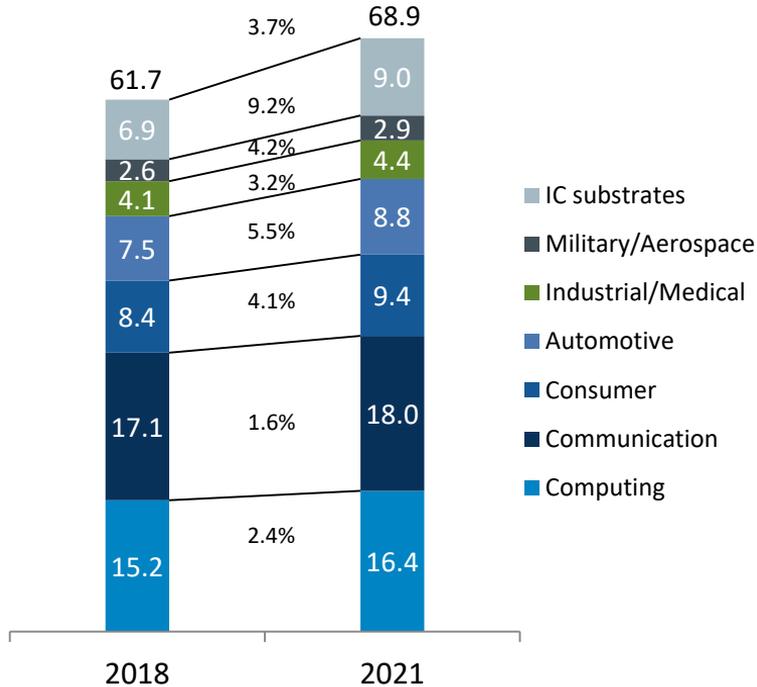
Market Update and Business Highlights

Financials and Key Figures

Market Update & Outlook

PCB & IC substrates market – Overview

Forecast for the total PCB & IC substrates market until 2021: CAGR of 3.7%

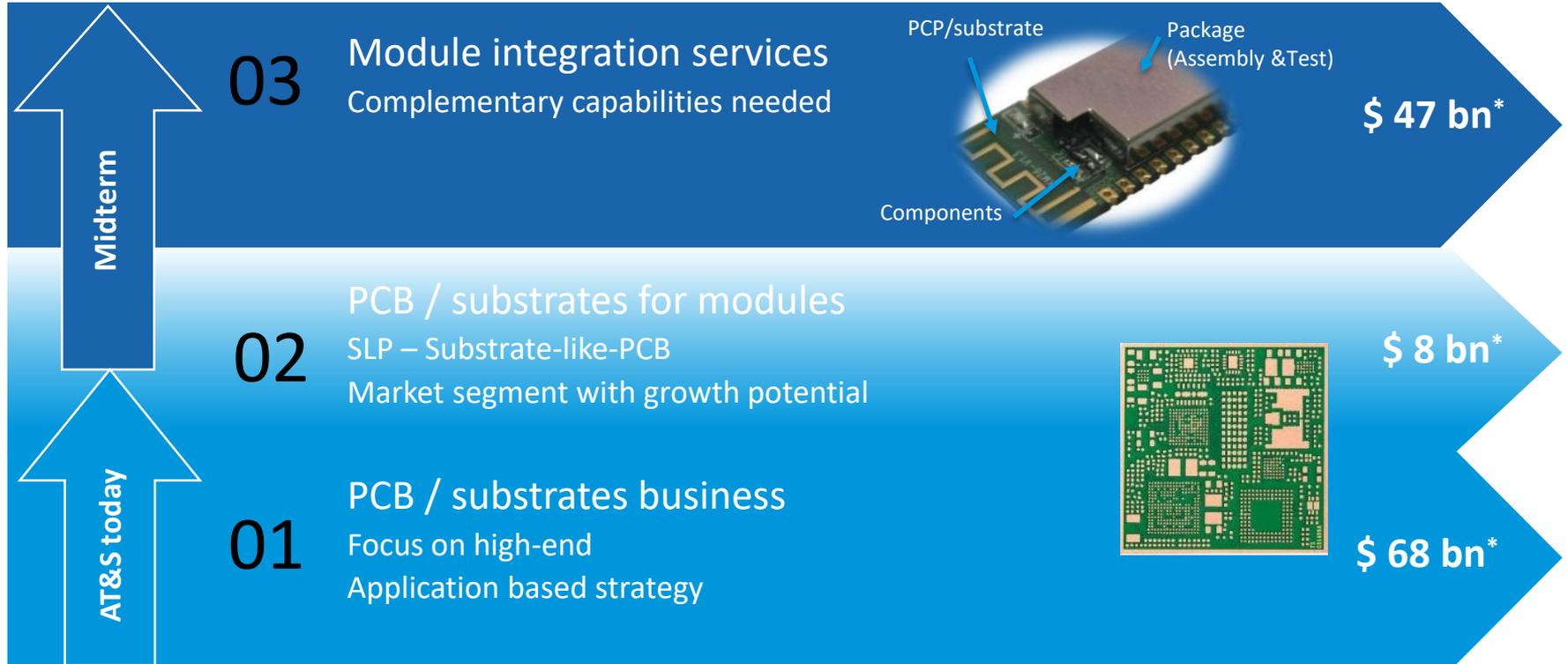


€ in billions
Source: Prismark, March 2019; Yole, April 2019

- IC substrates
 - Cloud computing drives data center expansions
 - Despite reduction of inventories increase in server demand over the medium term. Networking and AI processors trigger additional demand for high-value IC substrates
- Automotive
 - Despite a temporary slowdown, future AT&S PCB business is strongly driven by autonomous driving (e.g. RADAR, LIDAR, cameras, ...), vehicle-to-X communication modules and power module PCBs for electrification of vehicles
- Consumer
 - Market trend towards wireless connectivity of smart devices enabling IoT drives the need for high-end PCBs and substrates for module applications
- Communication
 - Despite a flat development in 2019 smartphone unit sales, high-end PCB demand for mainboards and modules will grow due to additional functionalities like 5G, AI and sensors
 - AI processors (e.g. voice and imaging data analysis) and enhanced wireless connectivity and sensors are expected to increase demand for PCBs and substrates

More than AT&S – Growth and diversification strategy

Modules – an additional addressable market



PCB/substrates/module integration services market by 2024; \$ in billions; Source: Prismark, January 2019

Growth opportunities in all segments

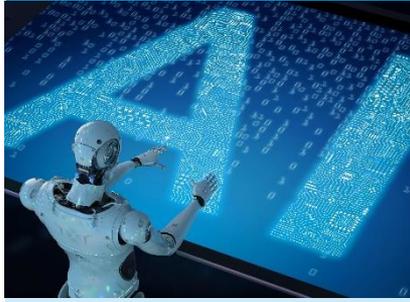
Focus on high-end applications

Communication



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

Consumer / Computer



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

Automotive



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

Industrial / Medical

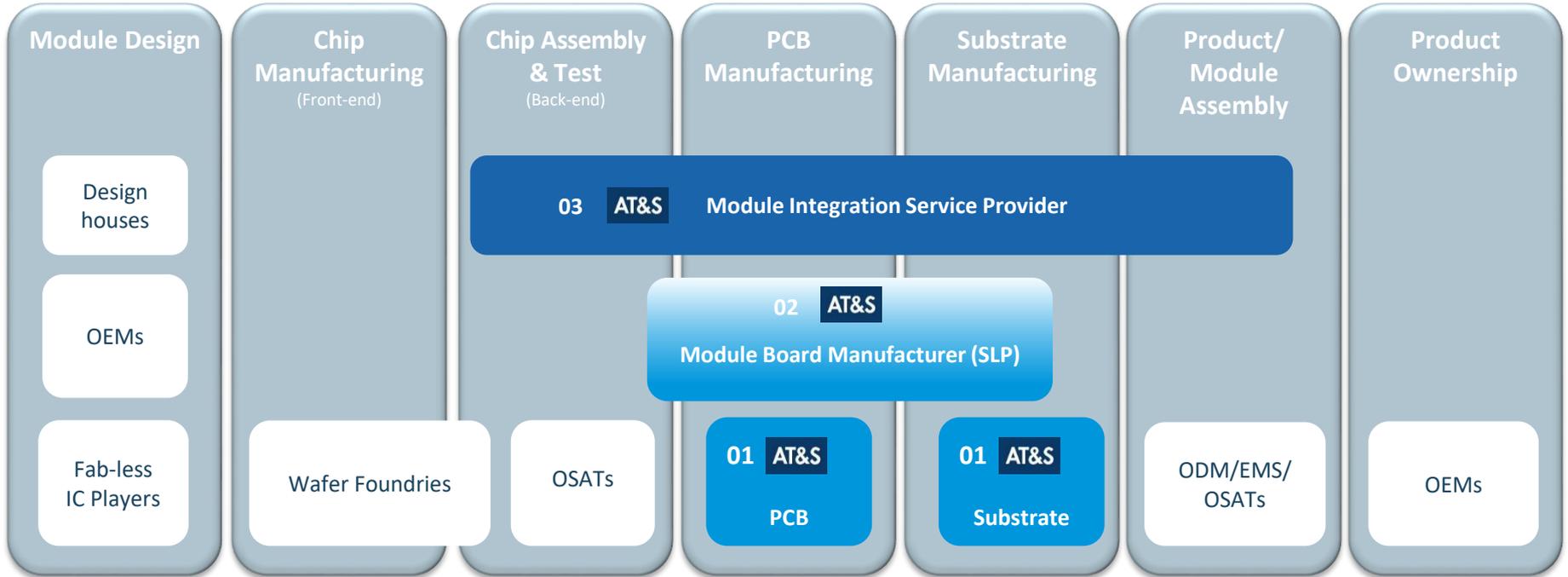


- Automation
 - Machine-to-machine communication (5G)
 - Artificial Intelligence
- Mobile therapy and diagnostic devices

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

Supply chain in the electronics industry

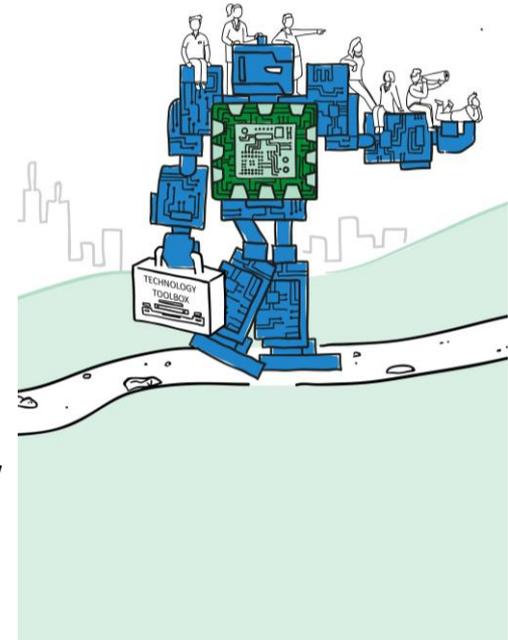
New business opportunities through entry into the module market



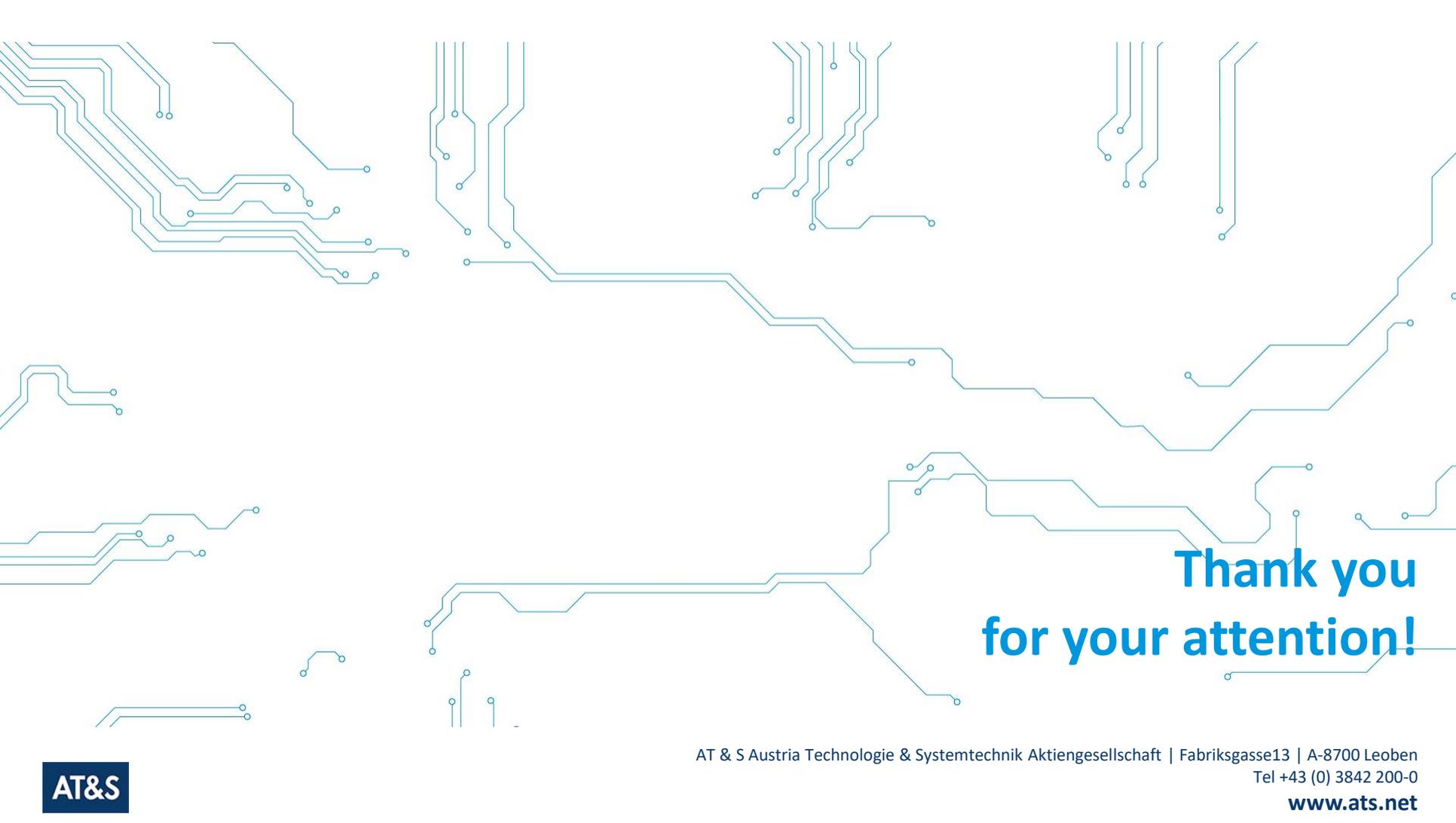
More than AT&S

On the way to becoming an interconnect solution provider

- Trends in the electronics industry enable further profitable growth in the high-end printed circuit board and substrate business
 - Autonomous driving, artificial intelligence, 5G
- Miniaturization and functional integration reinforce modularization
- Supply chain in the electronics industry is changing fundamentally
- New business opportunities by entering the modules market
 - Production of PCBs for modules (approx. 3% of module value)
 - Module integration: increase in added value through additional design, assembly and test services (approx. 20% of module values)
- AT&S toolbox supports module integration
- Building further capabilities in design, simulation and function testing under review
 - Organic and non-organic measures under review



- Volatile and currently weaker market environment for mobile devices, in the Automotive and Industrial segment causes low visibility, in particular for the first half of the year
- On an annual basis the Management Board initially expects revenue to remain stable and an EBITDA margin in the range of 20 to 25% in accordance with the medium-term guidance
- Investment activity in the current financial year
 - Investments in IC substrates initiated in the previous year will lead to Capex of approx. € 80 million in 2019/20
 - Maintenance investments and minor technology upgrades in the amount of € 80 to 100 million
 - Depending on the market development, an additional € 100 million for capacity and technology expansions



**Thank you
for your attention!**

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