

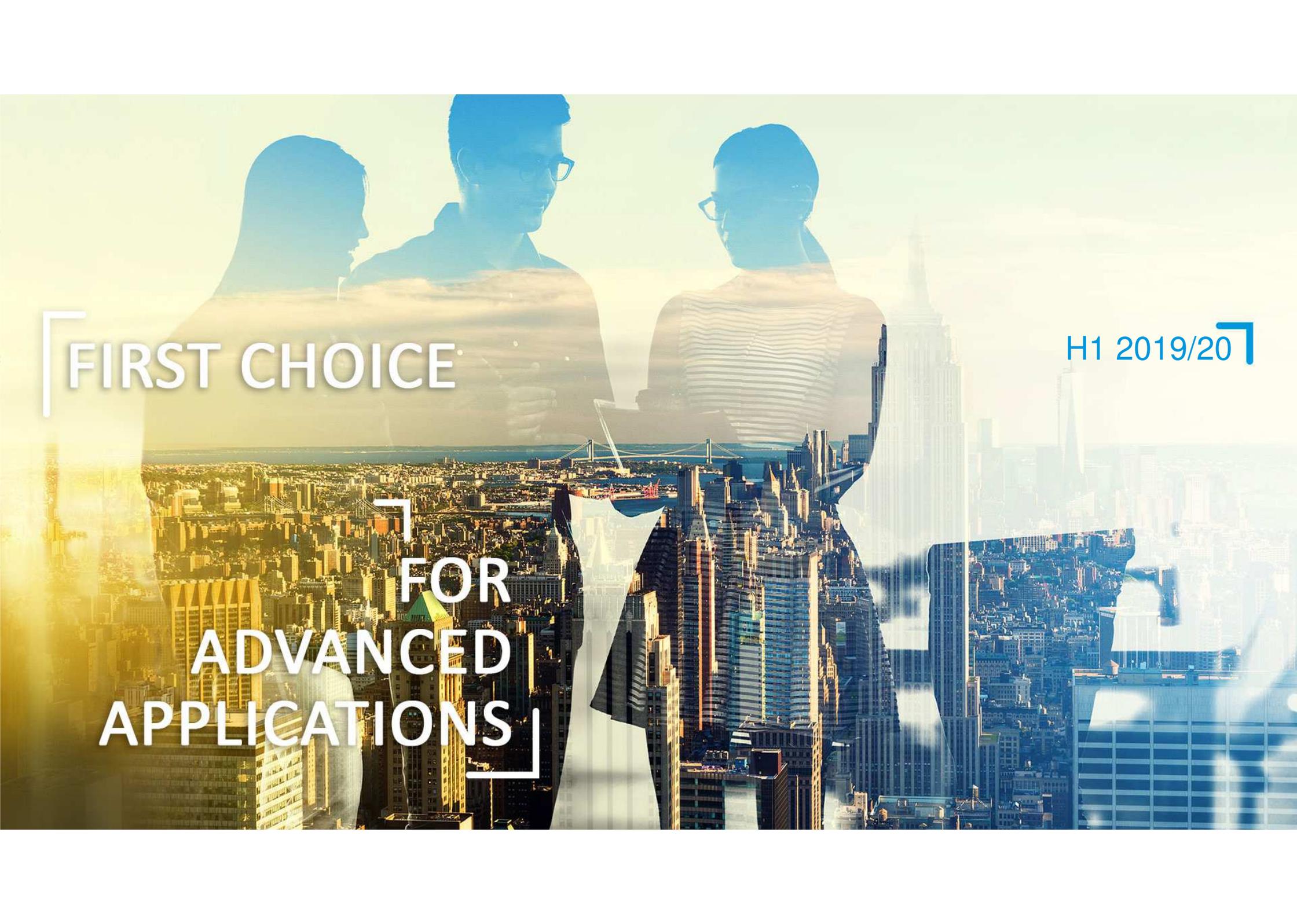
AT&S
First choice for advanced applications

Conference Call - H1 2019/20
November 07, 2019

AT&S

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FIRST CHOICE

H1 2019/20

FOR
ADVANCED
APPLICATIONS

Growth opportunities in all segments

Future trends still intact

Communication



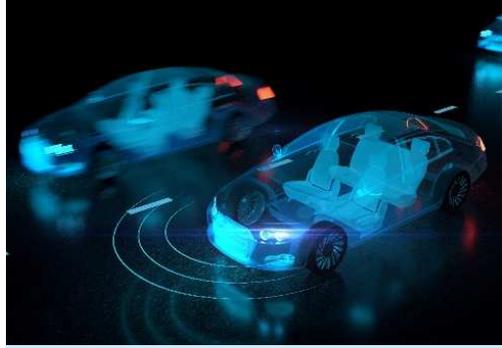
- Increased digital networking (IoT)
- Additional functionality
 - 5G
 - Artificial Intelligence

Consumer / Computer



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

Automotive



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

Industrial / Medical



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

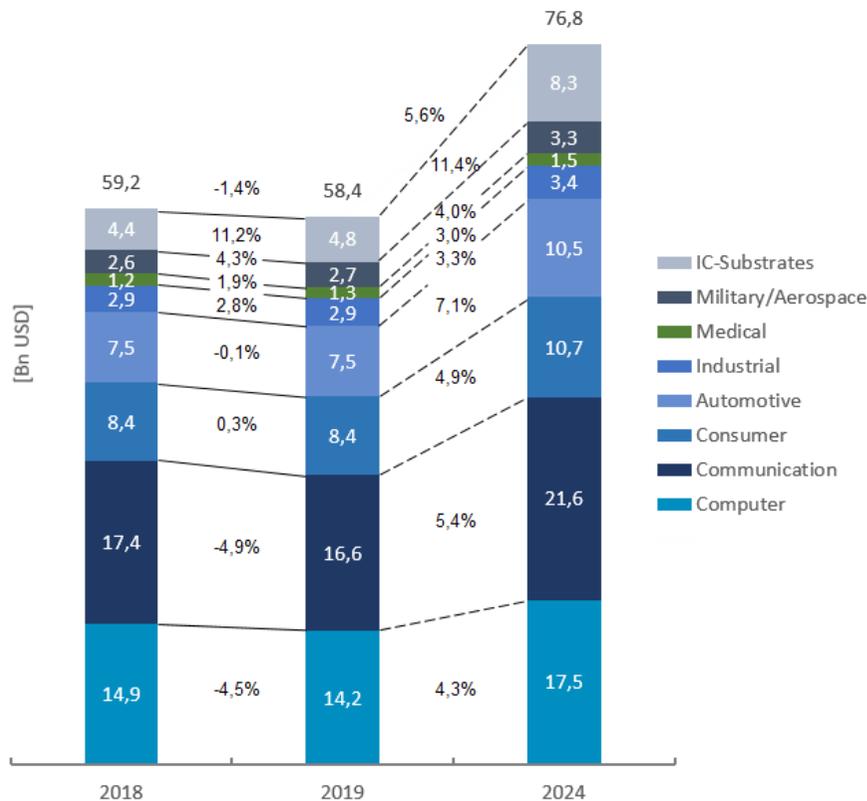
High end market growth ~10% CAGR (until 2024)

Current market environment

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

PCB & IC substrates market

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



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

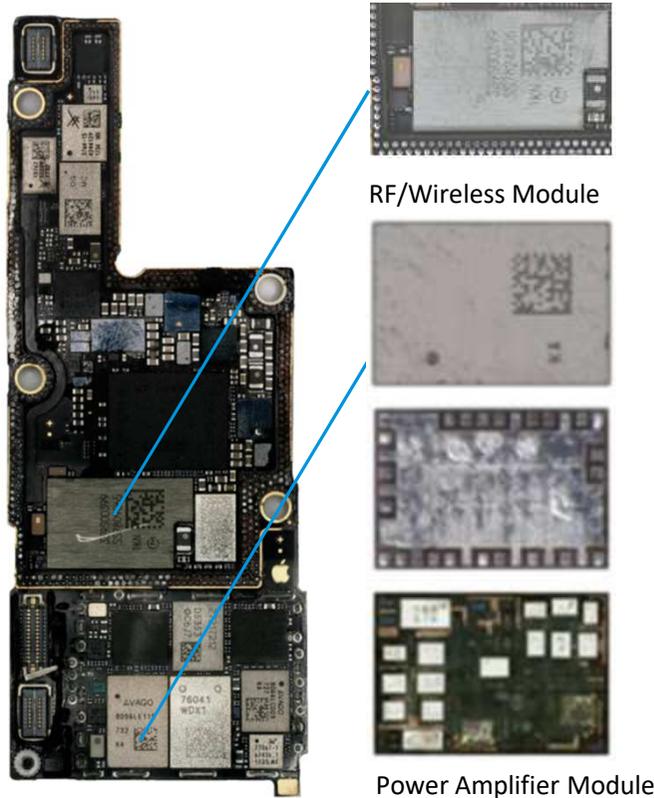
- IC substrates
 - Mid-term increase in server demand
 - Cloud computing drives data center expansions
 - Networking and AI processors trigger demand for high-value IC substrates
- Medical
 - Applications in medical show continued growth (e.g. hearing aids)
- Automotive
 - Decrease in unit car sales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

Modularization

(Smartphone) PCB evolution driven by modules replacing single components



2009



2019

- **OEM advantages drive modularization**

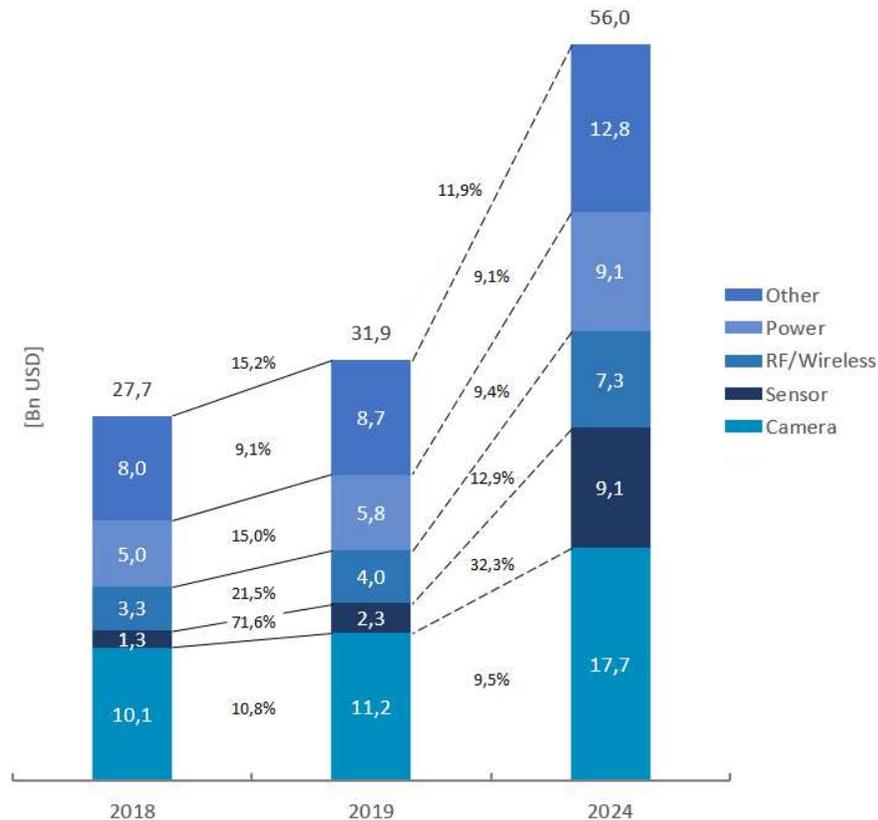
- Increased functionality
- Smaller electronics → larger battery
- Lower system cost
- Faster time to market

- **Opportunities for AT&S**

- Module PCB/Substrates addressable in addition to mainboards
- Assembly (e.g. ECP) and functional test offer larger value share per unit

Module integration services market

Total market growth is forecast at ~12% p.a. between 2019 and 2024



Source: AT Kearney (8/2018), AT&S (9/2019)

Overview

- Major driver is the general modularization trend to reduce time to market, size and cost for electronic products
- AI and 5G requirements further drive module integration
- Market revenue includes services for PCB/substrate, module assembly and test

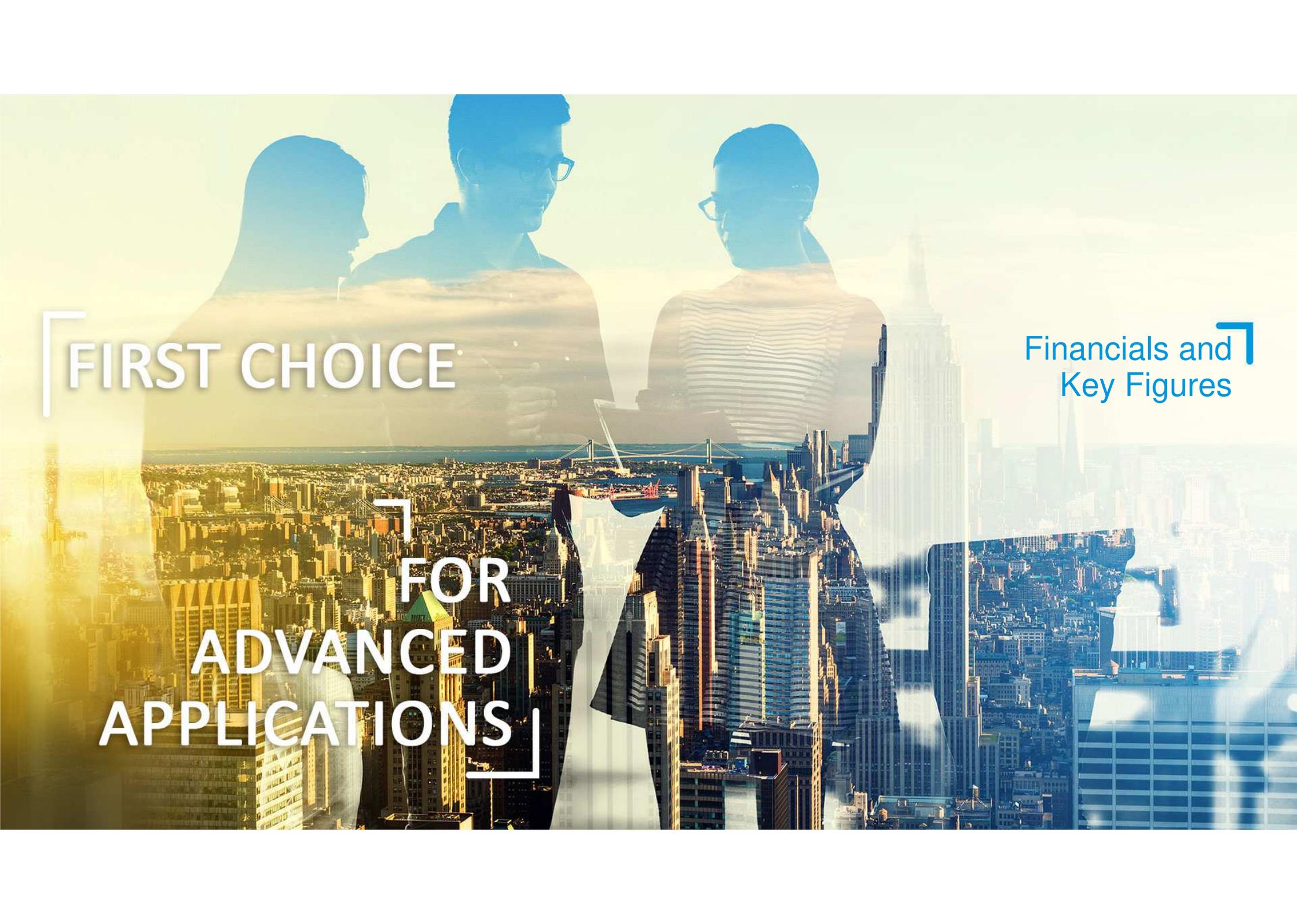
Strategic applications

- RF/wireless
 - 5G communication modules for smartphones, consumer devices, automotive, and machine-to-machine communication provide growth opportunities by integration of RF functions
- Sensor and camera
 - Sensor and camera modules provide strong growth opportunities
- Power
 - Power modules include both low voltage power management for consumer devices as well as power inverters for data centers, industrial machinery and electrified vehicles

Highlights in H1 2019/20

AT&S well positioned for the future

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



FIRST CHOICE

Financials and
Key Figures

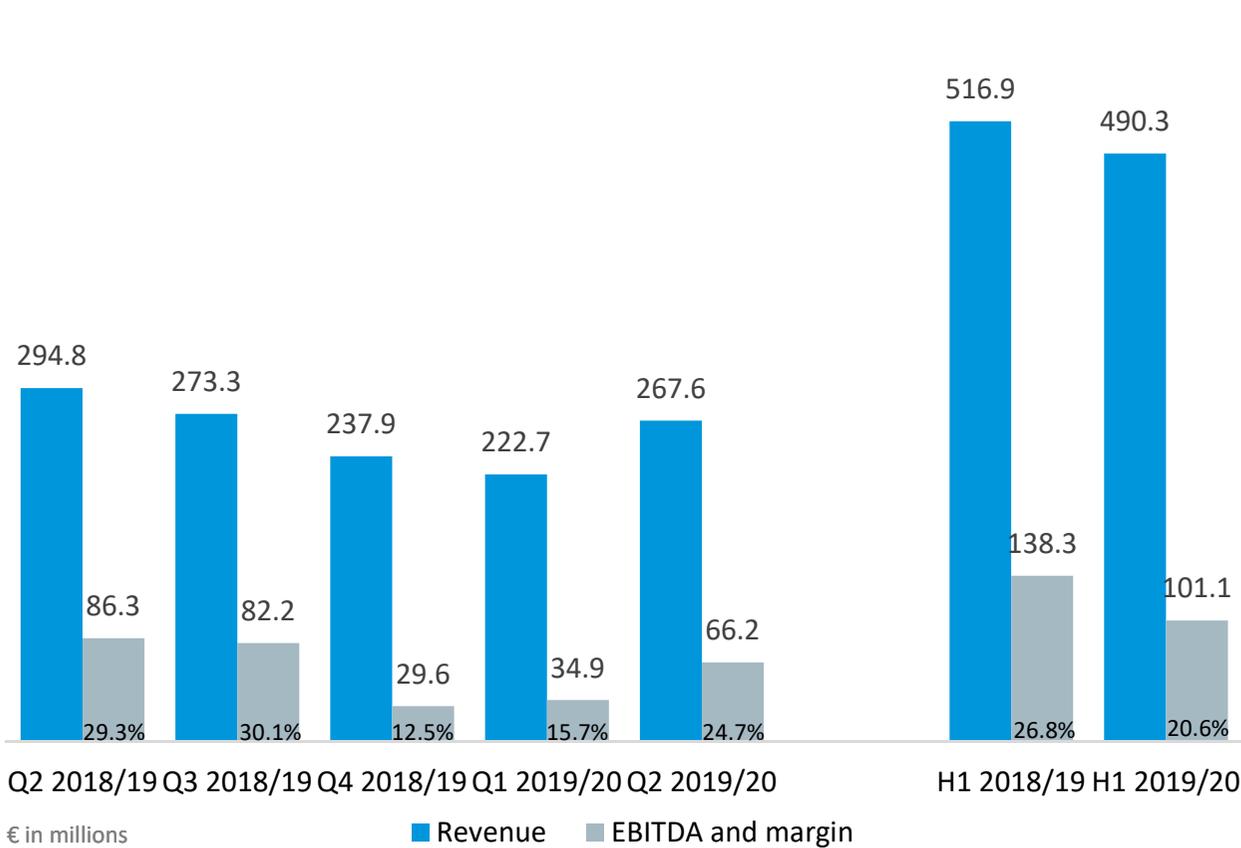
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Financials in H1 2019/20

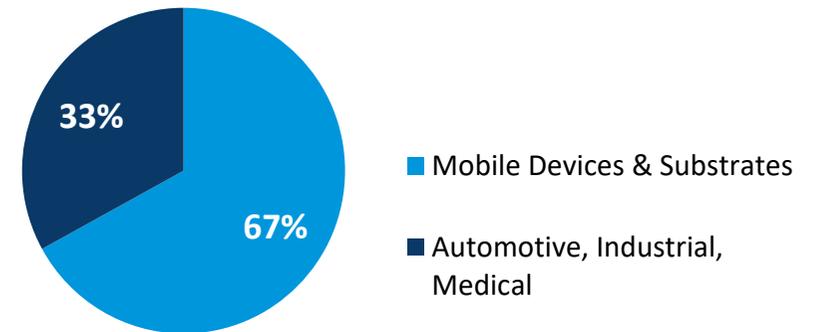
AT&S held up well in a challenging environment

- Revenue at € 490.3 million (PY: € 516.9 million)
 - Positively impacted by FX effects
- EBITDA at € 101.1 million (PY: € 138.3 million)
 - Ongoing preparations for future applications demand higher R&D expenses (e.g. run-up costs for modularization and miniaturization)
 - EBITDA margin with 20.6% (PY: 26.8%) still above target margin of 20 – 25%
- EBIT at € 29.4 million (PY: € 71.9 million)
 - Deviation from EBITDA development explained by higher depreciation
- Operating free cash flow mainly impacted by higher capex for IC substrates and technology upgrades

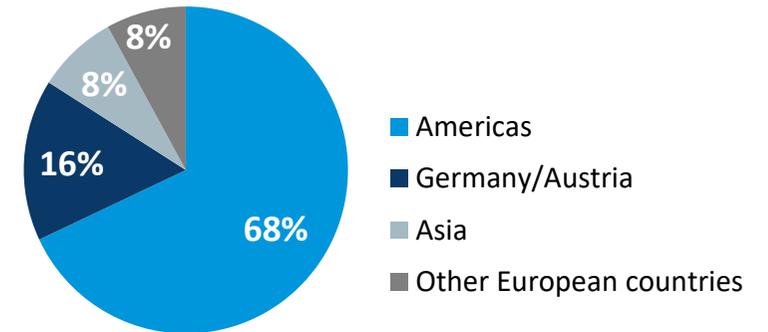
Revenue and EBITDA development



Revenue split by segment: H1 2019/20



Revenue split by region*: H1 2019/20

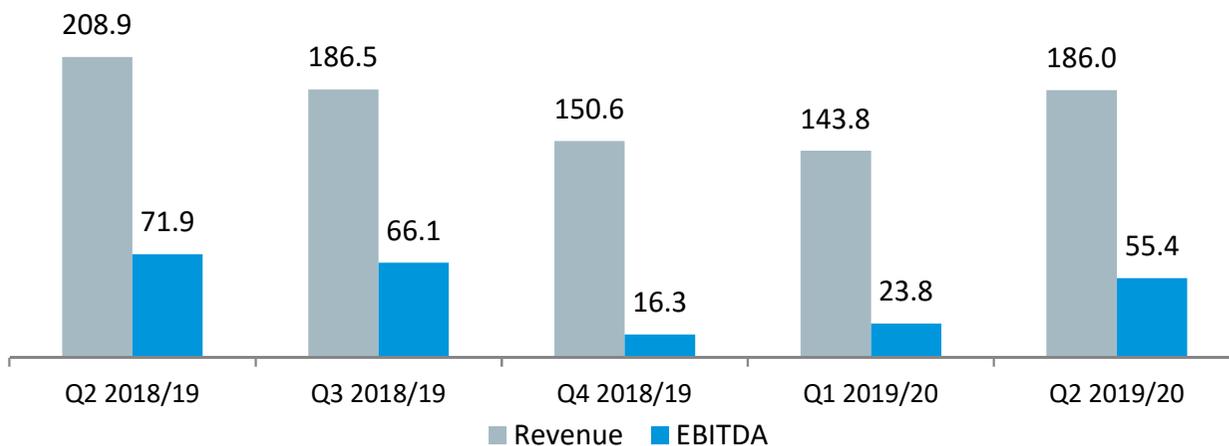


*based on customer's headquarters

Business Development – Mobile Devices & Substrates

€ in millions (unless otherwise indicated)	H1 2018/19	H1 2019/20	Change in %
Revenue	391.5	379.5	-3.1%
Revenue with external customers	346.7	329.8	-4.9%
EBITDA	111.2	79.2	-28.8%
EBITDA margin	28.4%	20.9%	

Revenue* and EBITDA



€ in millions; * Revenue with external customers

- IC substrate continued to show strong demand
- Revenue and earnings positively impacted by FX effects
- Unfavourable product mix in Mobile Devices
- Lower ramp of new smartphone generation led to underutilization in Mobile Devices in Q2
- Currently satisfying capacity utilization in Mobile Devices due to additional customers and applications

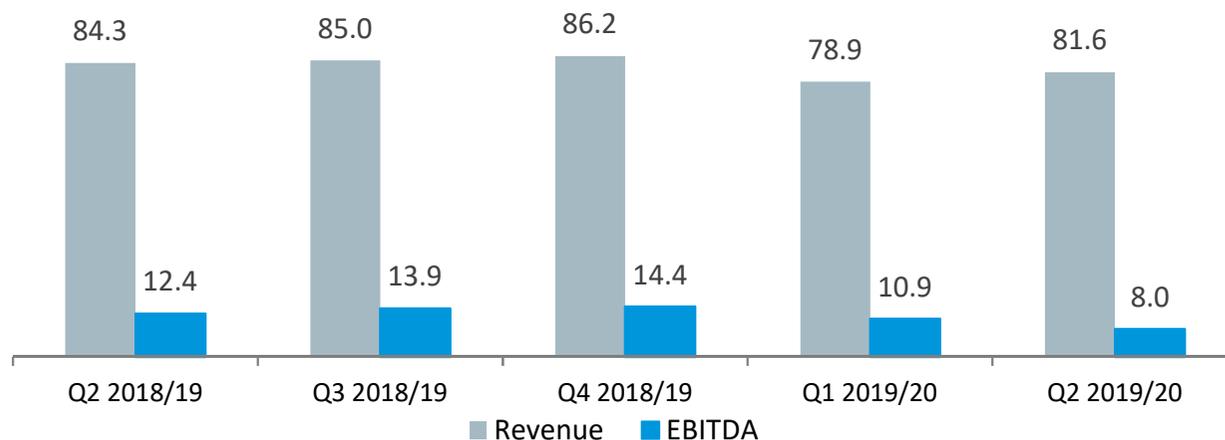
Business Development – Automotive, Industrial, Medical



€ in millions (unless otherwise indicated)	H1 2018/19	H1 2019/20	Change in %
Revenue	178.9	178.6	-0.1%
Revenue with external customers	167.6	160.6	-4.2%
EBITDA	24.4	18.9	-22.6%
EBITDA margin	13.6%	10.6%	

- Medical & Healthcare with robust trend
- Automotive on same level as last year
- Overall challenging market environment in Industrial and Automotive led to temporary higher price pressure and underutilization

Revenue* and EBITDA



€ in millions; * Revenue with external customers

Financials H1 2019/20



STATEMENT OF PROFIT OR LOSS

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

Financials H1 2019/20

STATEMENT OF FINANCIAL POSITION

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

Financials H1 2019/20



STATEMENT OF CASH FLOWS

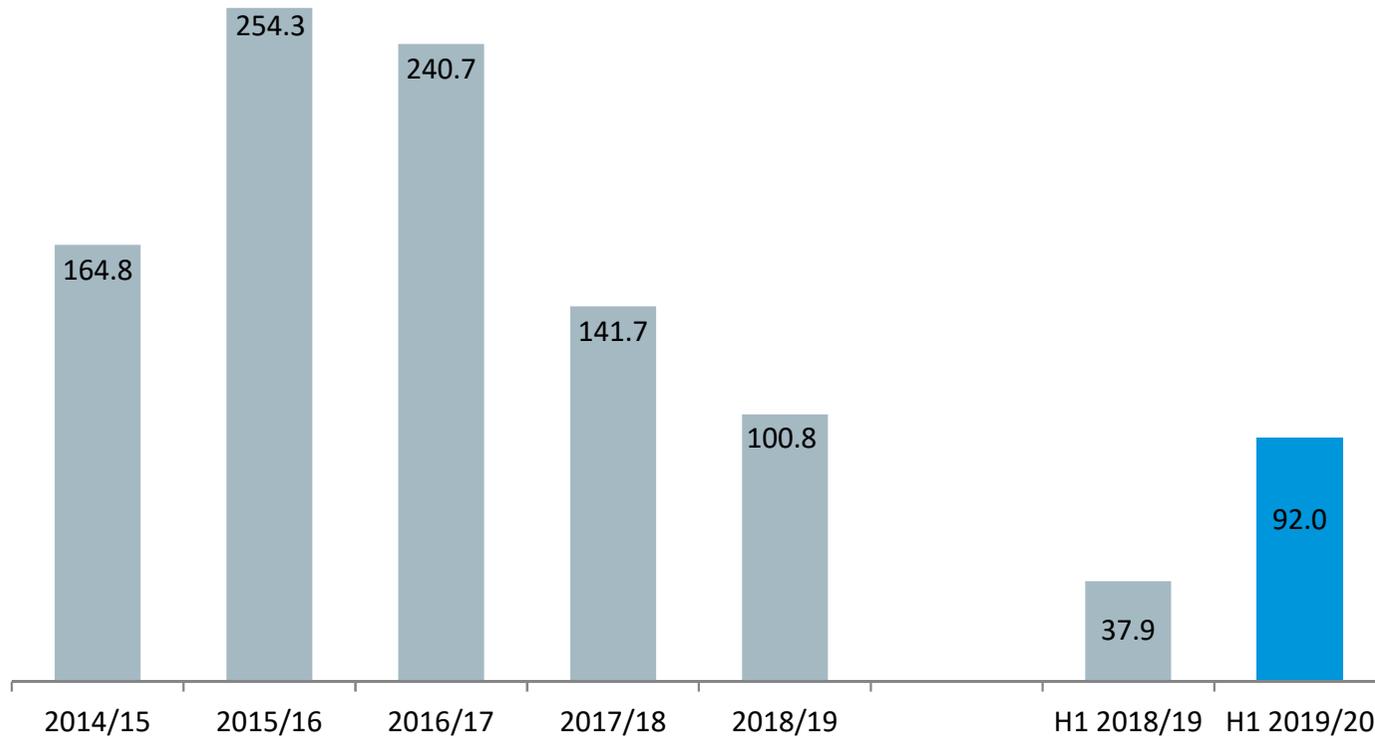
€ in thousands	H1 2018/19	H1 2019/20	Change YoY	
Cash flow from operating activities	58,024	62,184	7.2%	➔ Mainly driven by higher trade payables and lower income taxes paid
Cash flow from investing activities	(130,932)	(97,349)	25.6%	➔ Higher net capex but lower temporary net investment in financial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

¹⁾ Cash flow from operating activities minus Net CAPEX

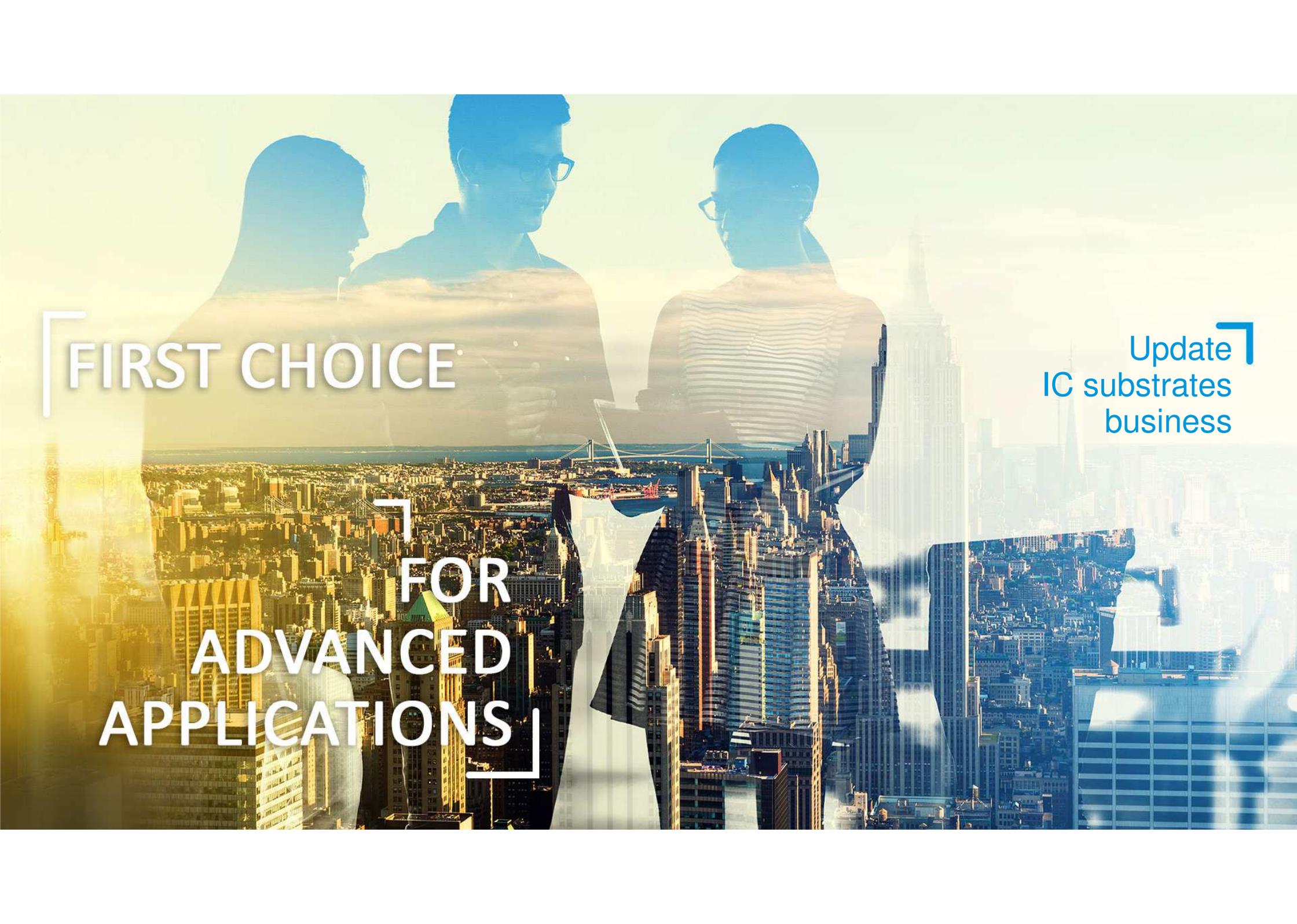
²⁾ Cash flow from operating activities minus cash flow from investing activities

Net CAPEX

Increase in capex due to IC substrates investment and technology upgrades



€ in millions



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Update
IC substrates
business

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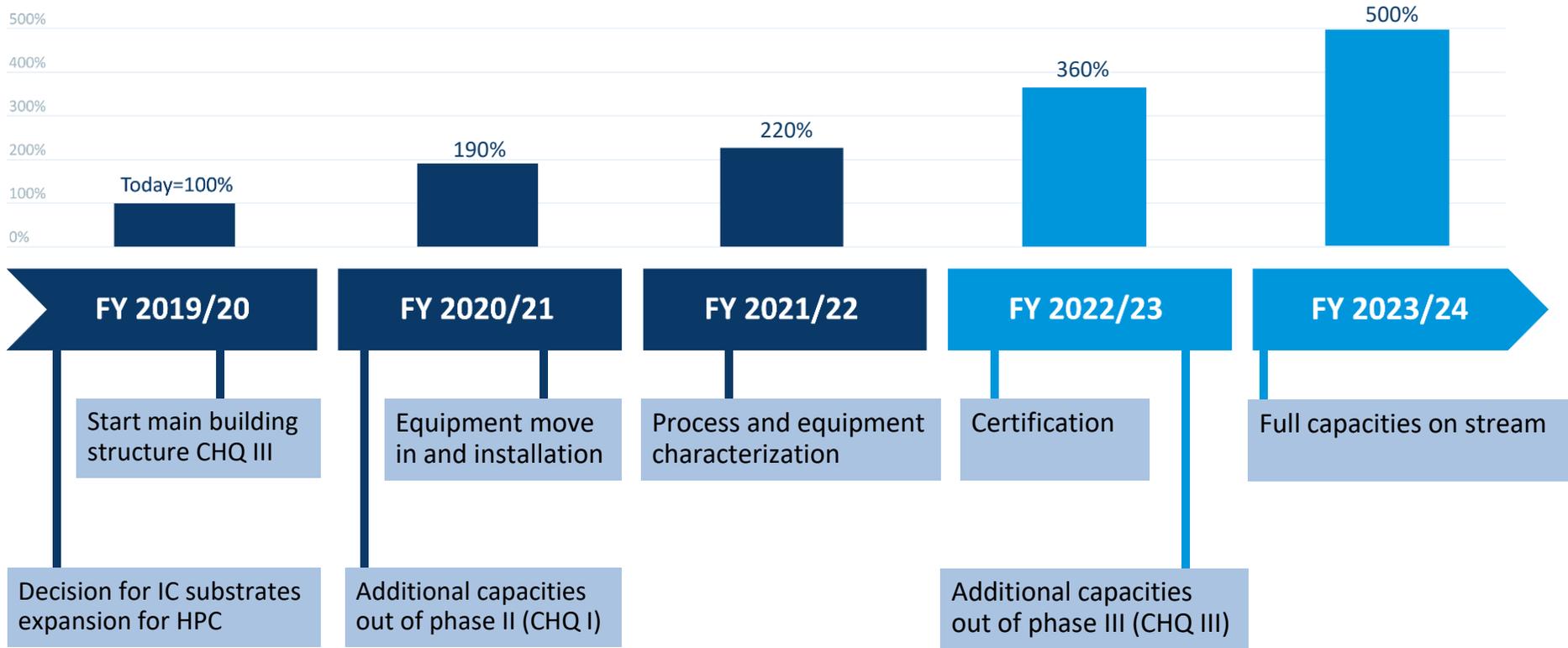
Expansion of IC substrates capacities

IC substrates business becomes an even more important pillar

- AT&S already operating successfully in China since 2001
 - Since 2013 site in Chongqing with two plants for IC substrates and new technologies
 - First high-end IC substrates manufacturer in China
- Strategic focus on business with IC substrates for high-performance computing modules
- Investment volume of up to one billion euros planned for the next five years
- Close cooperation with a leading semiconductor player
 - Excellent track record in ramping new technologies and production capacities
 - Outstanding process know-how, productivity and efficiency combined with highest quality
- Relevant revenues out of phase III (CHQ III) should arrive in FY 2022/23

Development of IC substrate business in Chongqing

IC substrates capacities

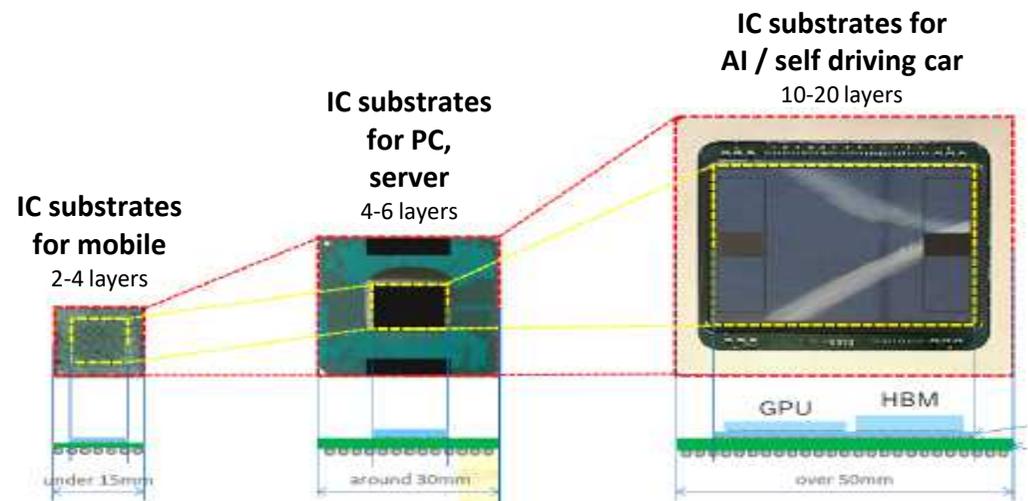


Drivers behind the investment in IC substrates

Globally generated data grow by more than 30% p.a. until 2025

- Artificial Intelligence and communication generate a flood of data and requires more efficient data processing
 - Smart applications and devices with an increasing number of low cost sensors
 - Decreasing storage costs per gigabyte due to memory technology advances
 - Data sharing enabled by higher data rates, bandwidth (3G→4G→5G)
 - Autonomous driving generates a flood of data due to necessary applications like RADAR, LIDAR...

➤ More powerful processors require larger form factor, higher layer count and thus higher value IC substrates



Securing profitable growth in tomorrow

Medium-term guidance

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

FIRST CHOICE

Outlook 2019/20

FOR
ADVANCED
APPLICATIONS

Outlook for 2019/20

Revenues and EBITDA outlook continues to be confirmed

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

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



**Thank you
for your attention!**

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