AT&S

# AT&S - part of your daily life

Half-Year Financial Report
2013/14

# Key figures

(If not otherwise stated, all figures in EUR 1,000)

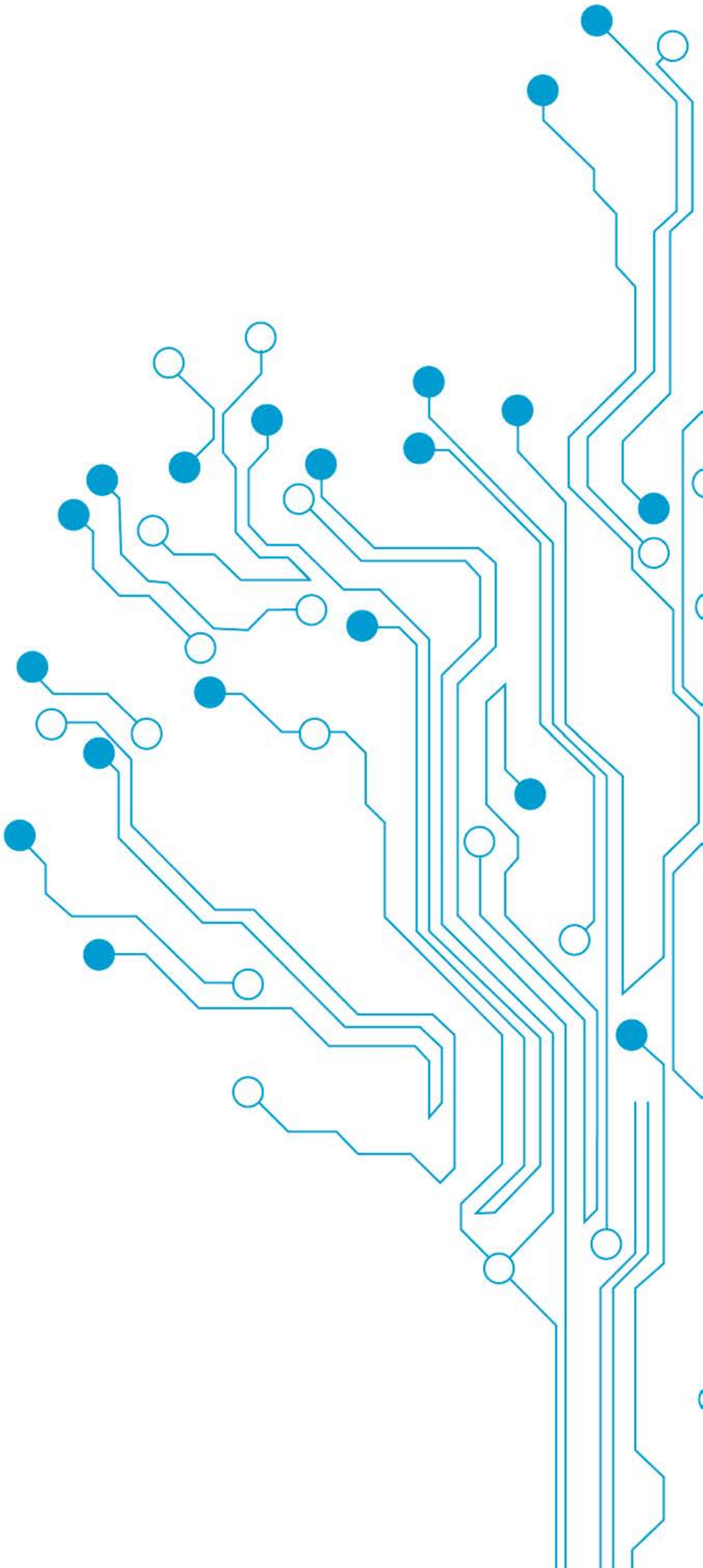
| | before non-recurring items | after non-recurring items | before non-recurring items | after non-recurring items |
|---|---|---|---|---|
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS | H1 2013/14 | | H1 2012/13 [1] | |
| Revenue | | 299,933 | | 254,771 |
| thereof produced in Asia | | 75% | | 74% |
| thereof produced in Europe | | 25% | | 26% |
| EBITDA | 68,416 | 65,412 | 43,911 | 43,911 |
| EBITDA margin | 22.8% | 21.8% | 17.2% | 17.2% |
| EBIT | 33,571 | 30,567 | 8,530 | 8,530 |
| EBIT margin | 11.2% | 10.2% | 3.4% | 3.4% |
| Profit for the period | 24,961 | 21,957 | 2,063 | 2,063 |
| thereof owners of the parent company | 24,944 | 21,940 | 2,066 | 2,066 |
| Cash earnings | 59,789 | 56,785 | 37,447 | 37,447 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 30 September 2013 | | 31 March 2013 [1] | |
| Total assets | | 773,734 | | 726,663 |
| Total equity | | 316,429 | | 304,844 |
| Total equity of owners of the parent company | | 316,464 | | 304,895 |
| Net debt | | 202,541 | | 217,409 |
| Net gearing | | 64.0% | | 71.3% |
| Net working capital | | 114,030 | | 102,679 |
| Net working capital per revenue | | 19.0% | | 19.0% |
| Equity ratio | | 40.9% | | 42.0% |
| CONSOLIDATED STATEMENT OF CASH FLOWS | H1 2013/14 | | H1 2012/13 [1] | |
| Net cash generated from operating activities (OCF) | | 40,327 | | 21,309 |
| CAPEX, net | | 39,992 | | 25,471 |
| GENERAL INFORMATION | 30 September 2013 | | 31 March 2013 [1] | |
| Payroll (incl. leased personnel), end of reporting period | | 7,071 | | 7,011 |
| Payroll (incl. leased personnel), average | | 7,034 | | 7,321 |
| KEY STOCK FIGURES | H1 2013/14 | | H1 2012/13 [1] | |
| Earnings per share (EUR) | 1.06 | 0.94 | 0.09 | 0.09 |
| Cash earnings per share (EUR) | 2.55 | 2.42 | 1.61 | 1.61 |
| Weighted average number of shares outstanding | | 23,432,997 | | 23,322,588 |
| Market capitalisation, end of reporting period | | 183,895 | | 194,744 |
| Market capitalisation per equity | | 58.1% | | 67.8% |
| Shares outstanding, end of reporting period | | 26,690,059 | | 23,322,588 |
| KEY FINANCIAL FIGURES | H1 2013/14 | | H1 2012/13 [1] | |
| ROE [2] | 16.1% | 15.1% | 1.5% | 1.5% |
| ROCE [2] | 12.0% | 11.4% | 3.0% | 3.0% |
| ROS | 8.3% | 7.3% | 0.8% | 0.8% |

[1] Adjusted in application of IAS 19 revised
[2] Calculated on the basis of average values

# Highlights

- AT&S posted a considerable rise in revenue and profit in the first half of the financial year 2013/14
- Recorded sales increased by 18% to around EUR 300m
- EBITDA advanced by around 50% to EUR 65m
- Earnings per share increased from EUR 0.09* to EUR 0.94
- AT&S is well on track with its Chongqing implementation plan
- AT&S confirms outlook for the full fiscal year 2013/14
- AT&S successfully placed all new shares with investors as of 9th October 2013

*compared to HY 2012/13



# Statement of the Management Board

Dear shareholders,

Having started the fiscal year 2013/14 in a strong position, we were able to sustain our positive performance during the second quarter. This is confirmed by a significant increase in revenue and profit.

The past weeks were shaped by an important milestone for the future direction of AT&S Group. We successfully placed all the new shares issued under our capital increase among existing shareholders and new investors within the offer period, bringing the total gross proceeds over EUR 100 million. This measure gives us a solid financial footing when it comes to funding upcoming investments.

**FIRST HALF YEAR RESULTS** In the first half of the financial year 2013/14 AT&S Group posted sales of around EUR 300 million (m), a year-on-year improvement of some 18%. Earnings before interest, taxes, depreciation and amortisation (EBITDA) advanced by around 50% to EUR 65m. Consolidated net income increased from EUR 2m in the same reporting period last year to EUR 22m. Earnings per share increased from EUR 0.09 to EUR 0.94.

The significant improvement in results is attributable to continued strong capacity utilisation at our plants and a more favourable product mix.

Key indicators for the first six months of the financial year 2013/14 are as follows:

- Revenue: EUR 299.93m
- Gross profit: EUR 60.46m
  for a margin of 20.16%
- EBITDA: EUR 65.41m
  for a margin of 21.81%
- Operating result: EUR 30.57m
  for a margin of 10.19%
- Profit before tax: EUR 24.32m
  for a margin of 8.11%
- Profit for the period: EUR 21.96m
  for a margin of 7.32%
- Earnings per share: EUR 0.94
- No. of shares outstanding (average)*: 23,433
  * Thousands of shares

**FINANCING** The maturities of the total financial liabilities of EUR 305.4m were as follows:

| | |
|---|---|
| Less than 1 year: | EUR 137.7m |
| 1–5 years: | EUR 150.4m |
| More than 5 years: | EUR 17.3m |

**MOBILE DEVICES CONTINUES STRONG PERFORMANCE** First half year segmental revenue was up by about 19% on the same period a year earlier thanks to an optimised product mix, continued strong demand for high-value HDI printed circuit boards and high capacity utilisation at the Shanghai plant.

**INDUSTRIAL & AUTOMOTIVE REPORTED SUSTAINED HIGH DEMAND** The trend towards increased use of high-value printed circuit boards in automotive technology remains unbroken. The medical technology sector also continued its positive development.

Overall, revenue for Industrial & Automotive was up by about 15% or EUR 17m on the same period of 2012/13. The Industrial & Automotive segment now accounts for 44% of consolidated revenue.

**ADVANCED PACKAGING** Revenue generated by sales of AT&S's patented ECP® technology tripled year on year, a development driven by further expansion of the customer portfolio.

**CHONGQING** AT&S is well on track with its Chongqing project (entering the IC Substrates business). The first round of investment in infrastructure was completed in the second quarter and know how transfer for the complex processes has been started. The next step will be to install the machinery.

**OUTLOOK 2013/14** The positive development and performance in the first half of the financial year 2013/14 reaffirm our strategic focus on the high-end market. Taking seasonality into account, as things stand we are forecasting revenue growth of five percent with an EBITDA margin of 18-20 percent for the current financial year.

With best regards

Andreas Gerstenmayer
Chairman of the Management Board

Heinz Moitzi
Chief Technical Officer

# Corporate governance information

The Annual General Meeting of 4 July 2013 in the first half of the current financial year resolved on the payment of a dividend of EUR 0.20 per share out of retained earnings as at 31 March 2013. The dividend distribution of EUR 4.7m took place on 25 July 2013.

No further treasury shares were acquired under the share repurchase scheme in the first half of this financial year.

**AT&S CAPITAL INCREASE** On 17 September 2013 the Supervisory Board of AT&S AG made a policy decision and passed a resolution to carry out a capital increase by issuing up to 12,950,000 new shares, and also to sell 2,577,412 shares held by AT&S AG.

As a first step, the Project Committee of the Supervisory Board made an implementing decision authorising a resolution to allot 3,367,471 new shares representing subscription rights waived by the two principal shareholders to institutional investors in an accelerated bookbuilding process. The issue was registered in the Register of Companies on 20 September 2013. On the basis of a second implementing decision of the Project Committee of the Supervisory Board on 4 October 2013, a further 9,582,529 new shares were issued at a price of EUR 6.50 per share. This second increase in capital was registered in the Register of Companies on 5 October 2013, after the end of the half-yearly reporting period. In the course of issuing new shares, at the same time the 2,577,412 shares held by AT&S AG were sold at a price of EUR 6.50 per share. In consequence, AT&S AG no longer holds any treasury stock.

# Directors‘ Holdings & Dealings

**AT&S STOCK OPTIONS** Stock options held by members of the Management Board were as follows (Supervisory Board members do not receive stock options):

| | Stock options as of 30 September 2013 | Origin of stock options on stock Allocation of 1 April 2012 | Allocation of 1 April 2011 | Allocation of 1 April 2010 | Allocation of 1 April 2009 |
|---|---|---|---|---|---|
| Andreas Gerstenmayer | **120,000** | 40,000 | 40,000 | 40,000 | 0 |
| Heinz Moitzi | **114,000** | 30,000 | 30,000 | 30,000 | 24,000 |
| Exercise Price (EUR) | | 9.86 | 16.60 | 7.45 | 3.86 |

**DIRECTORS’ DEALINGS** In the course of the capital increase there were the following directors’ dealings in respect of AT&S senior managers and related parties for the purposes of section 48d Austrian Stock Exchange Act (BörseG):

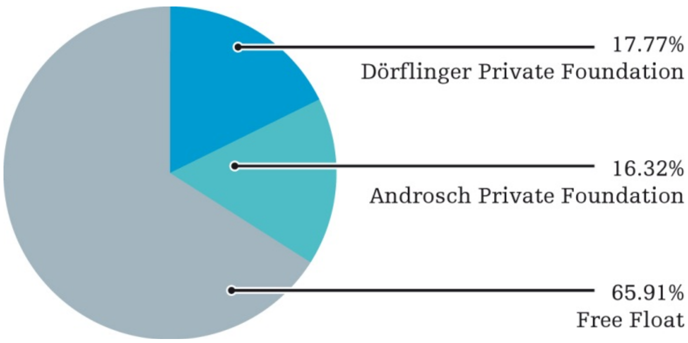
| Notifying person | Legal peron, trust, partnership | Purchase | Sale | Basis | Transaction date | Price per share/right |
|---|---|---|---|---|---|---|
| Brigitte Androsch * | | 18,100 | | Exercise of subscription rights | 19.09.2013 | EUR 6.50 |
| Heinz Moitzi * | | 1,114 | | Exercise of subscription rights | 20.09.2013 | EUR 6.50 |
| Willi Dörflinger * | Dörflinger Management & Beteiligungs GmbH | 2,307,692 | | Exercise of subscription rights | 25.09.2013 | EUR 6.50 |
| Gerhard Pichler * | | 7,650 | | Exercise of subscription rights | 25.09.2013 | EUR 6.50 |
| Hannes Androsch * | AIC Androsch International Management Consulting GmbH | 769,230 | | Exercise of subscription rights | 25.09.2013 | EUR 6.50 |
| Georg Riedl, Gerhard Pichler * | Dörflinger Private Foundation | | 349,913 | Sale of subscription rights to AT&S shares (ISIN: AT0000A120R2) | 26.09.2013 | EUR 0.0150 |
| Hannes Androsch * | | 153,846 | | Exercise of subscription rights | 27.09.2013 | EUR 6.50 |
| Georg Riedl * | | 6,192 | | Exercise of subscription rights | 09.10.2013 | EUR 6.50 |

The relevant directors’ dealings notifications can be viewed and downloaded in the FMA Directors’ Dealings Database, at http://www.fma.gv.at/en/companies/issuers/directors-dealings/directorsdealings-database.html.

*The decision to increase the capital was made on 17 September 2013 and was put into effect on 9 October 2013. This was also the date of the transfer of ownership of the shares acquired by exercising the subscription rights. Although transfer of ownership of the shares only took place on 9 October – after the end of the reporting period – the transactions are disclosed now in the interests of completeness and transparency.

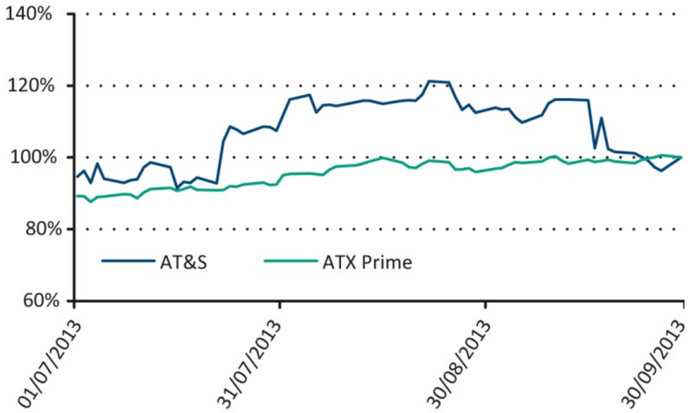
# AT&S stock

**SHAREHOLDINGS** Before the capital increase, Androsch Privatstiftung and Dörflinger Privatstiftung held 21.51% and 17.74% of AT&S stock respectively. After the successful conclusion of the transaction on 9 October 2013, Androsch Privatstiftung and Dörflinger Privatstiftung respectively hold 16.32% and 17.77% of AT&S stock respectively. The free float increased from 50.80% to 65.91%. The successful placing of the shares has strengthened the balance sheet, broadened the investor base and increased the liquidity of the stock.




**SHARE PRICE IN THE FIRST SIX MONTHS OF 2013/14** To provide appropriate support for the capital increase, the Management Board undertook an intensive roadshow programme with investors in Frankfurt, London, Warsaw, Vienna and Zurich. The result was that new institutional funds in Austria and elsewhere became investors. Although the issue price was EUR 6.50, the market price of the share remained higher throughout the whole period of the offer and closed with a slight gain at EUR 6.89 on 30 September 2013. In addition, the liquidity of the stock has more than tripled, as can be seen from the average daily traded volumes for the share over the last 30 days.

## AT&S AGAINST THE ATX-PRIME




## KEY STOCK FIGURES FOR THE FIRST SIX MONTHS (EUR)

| | 30 September 2013 | 30 September 2012 |
|---|---|---|
| Earnings per share | 0,94 | 0,09 |
| High | 8,40 | 9,60 |
| Low | 6,21 | 6,25 |
| Close | 6,89 | 8,35 |

## AT&S SHARE

| | Vienna Stock Exchange |
|---|---|
| Security ID number | 969985 |
| ISIN-Code | AT0000969985 |
| Symbol | ATS |
| Reuters RIC | ATSV.VI |
| Bloomberg | ATS AV |
| Indexes | ATX Prime, WBI SME |

## FINANCIAL CALENDER

| | |
|---|---|
| 23 January 2014 | Publication of results for third quarter 2013/14 |
| 08 May 2014 | Publication of annual results 2013/14 |
| 03 July 2014 | 20th Annual General Meeting |

## CONTACT INVESTOR RELATIONS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# Interim Financial Report (IFRS)

# Consolidated Statement of Profit or Loss

| | 1 July - 30 September | | 1 April - 30 September | |
|---|---|---|---|---|
| (in EUR 1,000) | 2013 | 2012 [1] | 2013 | 2012 [1] |
| Revenue | 157,392 | 128,737 | 299,933 | 254,771 |
| Cost of sales | (123,693) | (113,507) | (239,474) | (224,100) |
| Gross profit | 33,699 | 15,230 | 60,459 | 30,671 |
| Distribution costs | (7,647) | (7,158) | (15,037) | (13,985) |
| General and administrative costs | (5,964) | (4,616) | (11,119) | (9,308) |
| Other operating result | 39 | 1,374 | (732) | 1,152 |
| Non-recurring items | – | – | (3,004) | – |
| Operating result | 20,127 | 4,830 | 30,567 | 8,530 |
| Finance income | 96 | 1,342 | 114 | 1,559 |
| Finance costs | (3,002) | (3,534) | (6,361) | (7,432) |
| Finance costs - net | (2,906) | (2,192) | (6,247) | (5,873) |
| Profit before tax | 17,221 | 2,638 | 24,320 | 2,657 |
| Income taxes | (1,876) | (1,083) | (2,363) | (594) |
| **Profit for the period** | **15,345** | **1,555** | **21,957** | **2,063** |
| thereof owners of the parent company | 15,334 | 1,556 | 21,940 | 2,066 |
| thereof non-controlling interests | 11 | (1) | 17 | (3) |
| Earnings per share attributable to equity holders of the parent company (in EUR per share): | | | | |
| - basic | 0.65 | 0.07 | 0.94 | 0.09 |
| - diluted | 0.60 | 0.07 | 0.90 | 0.09 |
| Weighted average number of shares outstanding - basic (in thousands) | 23,542 | 23,323 | 23,433 | 23,323 |
| Weighted average number of shares outstanding - diluted (in thousands) | 25,517 | 23,355 | 24,426 | 23,355 |

# Consolidated Statement of Comprehensive Income

| | 1 July - 30 September | | 1 April - 30 September | |
|---|---|---|---|---|
| (in EUR 1,000) | 2013 | 2012 [1] | 2013 | 2012 [1] |
| **Profit for the period** | **15,345** | **1,555** | **21,957** | **2,063** |
| Components to be reclassified to income: | | | | |
| Currency translation differences | (21,834) | (1,425) | (26,596) | 15,051 |
| Fair value (losses) of available-for-sale financial assets, net of tax | – | – | – | (20) |
| Fair value gains of cash flow hedges, net of tax | 23 | 6 | 56 | 3 |
| **Other comprehensive income for the period** | **(21,811)** | **(1,419)** | **(26,540)** | **15,034** |
| **Total comprehensive income for the period** | **(6,466)** | **136** | **(4,583)** | **17,097** |
| thereof owners of the parent company | (6,478) | 136 | (4,599) | 17,097 |
| thereof non-controlling interests | 12 | – | 16 | – |

[1] Adjusted in application of IAS 19 revised

# Consolidated Statement of Financial Position

| (in EUR 1,000) | 30 September 2013 | 31 March 2013 [1] |
|---|---|---|
| **ASSETS** | | |
| Non-current assets | | |
| Property, plant and equipment | 428,841 | 437,763 |
| Intangible assets | 9,351 | 1,952 |
| Financial assets | 96 | 96 |
| Deferred tax assets | 23,718 | 21,323 |
| Other non-current assets | 9,526 | 9,657 |
| | 471,532 | 470,791 |
| Current assets | | |
| Inventories | 68,174 | 62,417 |
| Trade and other receivables | 130,631 | 111,802 |
| Financial assets | 835 | 770 |
| Current income tax receivables | 631 | 657 |
| Cash and cash equivalents | 101,931 | 80,226 |
| | 302,202 | 255,872 |
| **Total assets** | **773,734** | **726,663** |
| **EQUITY** | | |
| Share capital | 66,747 | 45,914 |
| Other reserves | 15,812 | 42,351 |
| Retained earnings | 233,905 | 216,630 |
| Equity attributable to owners of the parent company | 316,464 | 304,895 |
| Non-controlling interests | (35) | (51) |
| **Total equity** | **316,429** | **304,844** |
| **LIABILITIES** | | |
| Non-current liabilities | | |
| Financial liabilities | 167,658 | 168,665 |
| Provisions for employee benefits | 23,100 | 22,277 |
| Other provisions | 10,099 | 10,437 |
| Deferred tax liabilities | 7,169 | 6,386 |
| Other liabilities | 3,114 | 3,948 |
| | 211,140 | 211,713 |
| Current liabilities | | |
| Trade and other payables | 98,551 | 77,348 |
| Financial liabilities | 137,745 | 129,837 |
| Current income tax payables | 4,380 | 1,299 |
| Other provisions | 5,489 | 1,622 |
| | 246,165 | 210,106 |
| **Total liabilities** | **457,305** | **421,819** |
| **Total equity and liabilities** | **773,734** | **726,663** |

[1] Adjusted in application of IAS 19 revised

# Consolidated Statement of Cash Flows

| (in EUR 1,000) | 1 April - 30 September 2013 | 2012 [1] |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the period | 21,957 | 2,063 |
| Adjustments to reconcile profit for the period to cash generated from operating activities: | | |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets | 34,844 | 35,382 |
| Changes in non-current provisions | 571 | 135 |
| Income taxes | 2,363 | 594 |
| Finance costs | 6,247 | 5,873 |
| (Gains)/losses from the sale of fixed assets | 18 | (26) |
| Release from government grants | (756) | (163) |
| Other non-cash expense/(income), net | 425 | (314) |
| Changes in working capital: | | |
| - Inventories | (8,565) | (6,604) |
| - Trade and other receivables | (23,730) | 1,879 |
| - Trade and other payables | 12,400 | (8,058) |
| - Other provisions | 3,928 | (305) |
| Cash generated from operating activities | 49,702 | 30,456 |
| Interest paid | (6,500) | (5,971) |
| Interest and dividends received | 107 | 201 |
| Income taxes paid | (2,982) | (3,377) |
| **Net cash generated from operating activities** | **40,327** | **21,309** |
| **Cash flows from investing activities** | | |
| Capital expenditure for property, plant and equipment and intangible assets | (40,143) | (28,821) |
| Proceeds from sale of property, plant and equipment and intangible assets | 151 | 3,350 |
| Proceeds from sale of available-for-sale financial assets | – | 35 |
| Purchases of financial assets | (114) | (56) |
| Proceeds from sale of financial assets | 27 | 146 |
| **Net cash used in investing activities** | **(40,079)** | **(25,346)** |
| **Cash flows from financing activities** | | |
| Changes in other financial liabilities | 7,341 | 37,987 |
| Proceeds from government grants | 737 | 32 |
| Dividends paid | (4,665) | (7,463) |
| Proceeds of share issue | 20,833 | – |
| **Net cash generated from financing activities** | **24,246** | **30,556** |
| **Net increase in cash and cash equivalents** | **24,494** | **26,519** |
| Cash and cash equivalents at beginning of the year | 80,226 | 29,729 |
| Exchange gains/(losses) on cash and cash equivalents | (2,789) | 796 |
| **Cash and cash equivalents at end of the period** | **101,931** | **57,044** |

[1] Adjusted in application of IAS 19 revised

# Consolidated Statement of Changes in Equity

| (in EUR 1,000) | Share capital | Other reserves | Retained earnings | Equity attributable to owners of the parent company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| **31 March 2012 [1)]** | **45,535** | **22,555** | **209,521** | **277,611** | **(55)** | **277,556** |
| Profit for the period | – | – | 2,066 | **2,066** | (3) | **2,063** |
| Other comprehensive income for the period | – | 15,031 | – | **15,031** | 3 | **15,034** |
| thereof currency translation differences | – | 15,048 | – | **15,048** | 3 | **15,051** |
| thereof change in available-for-sale financial assets, net of tax | – | (20) | – | **(20)** | – | **(20)** |
| thereof change in hedging instruments for cash flow hedges, net of tax | – | 3 | – | **3** | – | **3** |
| Total comprehensive income for the period | – | 15,031 | 2,066 | **17,097** | – | **17,097** |
| Dividend relating to 2011/12 | – | – | (7,463) | **(7,463)** | – | **(7,463)** |
| **30 September 2012 [1)]** | **45,535** | **37,586** | **204,124** | **287,245** | **(55)** | **287,190** |
| **31 March 2013 [1)]** | **45,914** | **42,351** | **216,630** | **304,895** | **(51)** | **304,844** |
| Profit for the period | – | – | 21,940 | **21,940** | 17 | **21,957** |
| Other comprehensive income for the period | – | (26,539) | – | **(26,539)** | (1) | **(26,540)** |
| thereof currency translation differences | – | (26,595) | – | **(26,595)** | (1) | **(26,596)** |
| thereof change in hedging instruments for cash flow hedges, net of tax | – | 56 | – | **56** | – | **56** |
| Total comprehensive income for the period | – | (26,539) | 21,940 | **(4,599)** | 16 | **(4,583)** |
| Dividend relating to 2012/13 | – | – | (4,665) | **(4,665)** | – | **(4,665)** |
| Proceeds of share issue | 20,833 | | | **20,833** | | **20,833** |
| **30 September 2013** | **66,747** | **15,812** | **233,905** | **316,464** | **(35)** | **316,429** |

[1)] Adjusted in application of IAS 19 revised

# Segment Reporting

**1 April - 30 September 2013**

| (in EUR 1,000) | Mobile Devices | Industrial & Automotive | Others | Elimination/ Consolidation | Group |
|---|---|---|---|---|---|
| Segment revenue | 190,689 | 135,493 | 3,396 | (29,645) | 299,933 |
| Intersegment revenue | (26,122) | (2,870) | (653) | 29,645 | – |
| Revenue from external customers | 164,567 | 132,623 | 2,743 | – | 299,933 |
| Operating result | 27,309 | 4,204 | (965) | 19 | 30,567 |
| Finance costs - net | | | | | (6,247) |
| Profit before tax | | | | | 24,320 |
| Income taxes | | | | | (2,363) |
| **Profit for the period** | | | | | **21,957** |
| Property, plant and equipment and intangible assets | 380,515 | 47,049 | 10,629 | – | 438,192 |
| Investments | 41,934 | 2,696 | 8,062 | – | 52,692 |
| Depreciation/amortisation | 30,036 | 4,155 | 653 | – | 34,844 |
| Non-recurring items | – | 3,004 | – | – | 3,004 |

**1 April - 30 September 2012 [1]**

| (in EUR 1,000) | Mobile Devices | Industrial & Automotive | Others | Elimination/ Consolidation | Group |
|---|---|---|---|---|---|
| Segment revenue | 157,076 | 115,818 | 831 | (18,954) | 254,771 |
| Intersegment revenue | (18,592) | (302) | (60) | 18,954 | – |
| Revenue from external customers | 138,484 | 115,516 | 771 | – | 254,771 |
| Operating result | 3,676 | 6,057 | (1,284) | 81 | 8,530 |
| Finance costs - net | | | | | (5,873) |
| Profit before tax | | | | | 2,657 |
| Income taxes | | | | | (594) |
| **Profit for the period** | | | | | **2,063** |
| Property, plant and equipment and intangible assets [2] | 383,203 | 49,095 | 7,417 | – | 439,715 |
| Investments | 21,634 | 2,003 | 1,305 | – | 24,942 |
| Depreciation/amortisation | 30,284 | 4,011 | 1,087 | – | 35,382 |
| Non-recurring items | – | – | – | – | – |

[1] Adjusted in application of IAS 19 revised
[2] Value as of 31 March 2013

## INFORMATION BY GEOGRAPHIC REGION

Revenue broken down by customer region, based on ship–to-region:

| (in EUR 1,000) | 1 April - 30 September 2013 | 2012 |
|---|---|---|
| Austria | 10,049 | 9,786 |
| Germany | 64,630 | 64,095 |
| Hungary | 7,083 | 11,191 |
| Other European countries | 29,023 | 23,354 |
| Asia | 143,528 | 118,501 |
| Canada, USA, Mexico | 41,801 | 24,741 |
| Other | 3,819 | 3,103 |
| | **299,933** | **254,771** |

Property, plant and equipment and intangible assets broken down by domicile:

| (in EUR 1,000) | 30 September 2013 | 31 March 2013 |
|---|---|---|
| Austria | 32,979 | 26,056 |
| China | 380,475 | 383,157 |
| Others | 24,738 | 30,502 |
| | **438,192** | **439,715** |

# Notes to the Interim Financial Report

## GENERAL

**ACCOUNTING AND VALUATION POLICIES** The interim report for the six months ended 30 September 2013 has been prepared in accordance with the standards (IFRS and IAS) of the International Accounting Standards Board (IASB), taking IAS 34 into account, and the interpretations (IFRIC and SIC), as adopted by the European Union.

The consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2013.

In June 2011 the International Accounting Standards Board (IASB) published amendments to IAS 19 Employee Benefits (IAS 19 revised). The revised IAS 19 replaces the expected return on plan assets and the interest cost on pension obligations with the net interest expense or income. Actuarial gains and losses, effects of the limit on net asset value (asset ceiling), and in part also the actual income from plan assets are to be recognised as remeasurements in the period in which they arise, as part of other comprehensive income (OCI) under equity. The corridor method and the immediate recognition of actuarial gains and losses through profit or loss are no longer permissible. The revised IAS 19 prescribes retroactive application and requires disclosure of the effects of first-time application on the opening balance sheet. These changes were applied in the current interim financial statements, as they were in the interim financial statements as at 30 June 2013, and the comparative figures have accordingly been restated. The equity ratio as at 31 March 2013 was reduced from 43% to 42%.

The consolidated interim statements for the six months ended 30 September 2013 are unaudited and have not been the subject of external audit review.

## NOTES TO THE STATEMENT OF PROFIT OR LOSS

**REVENUE** Sales in the first half of the current financial year of EUR 299.9m were 18% higher than in the same period last year.

This positive development reflected improved sales in all business segments. Thanks to continuing strong demand for smartphones, sales in Mobile Devices were up 19%. Industrial & Automotive sales were markedly up, by 15%, on the same period last year. Automotive and Medical & Healthcare in particular generated growth, while Industrial was also able to report a modest increase in sales in spite of the overall economic situation.

In terms of customer locations, sales in all geographic regions also rose. The greatest increase was from 10% to 14% with our American customers. Asian customers continued to account for the lion's share of revenue, accounting for EUR 143.5m or 48% of the total.

The distribution of production volumes – 75% in Asia and 25% in Europe – was unchanged from the comparable period last year.

**GROSS PROFIT** At EUR 60.5m first-half gross profit was up significantly on the EUR 30.7m achieved in the same period of the financial year 2012/13. This highly satisfactory outcome is attributable both to good capacity utilisation at all of the Group's plants and to the unrelenting pursuit of increased efficiency.

Broken down by segment, Mobile Devices saw its gross profit margin advance from 10% to 21%, while that of Industrial & Automotive edged up from 15% to 16%.

**OPERATING RESULT** On the basis of the very satisfactory gross profit, the consolidated operating profit of EUR 30.6m or 10.2% was also highly satisfactory. Management's decision to close the Klagenfurt plant because of its continuing losses meant that a provision of EUR 3.0m in expenses for the first quarter of the current financial year was recognised under non-recurring items. The overall operating profit before taking this non-recurring item into account was EUR 33.6m for an EBIT margin of 11.2%.

From the segment perspective, as a result of the improvement in gross profit Mobile Devices reported a highly gratifying jump in operating profit to EUR 27.3m, compared with EUR 3.7m in the first half of the previous financial year. Industrial and Automotive's operating profit narrowed as a result of the restructuring provisions for this business unit's Klagenfurt plant and unfavourable exchange rate differences relating to the Indian rupee.

**FINANCE COSTS - NET** The changed financing structure and lower interest rates meant that interest expense fell by roughly EUR 1.2m to EUR 5.7m. Currency fluctuations were responsible for expenses of some EUR 1.5m. Total financial expenditure of EUR -6.2m was EUR 0.3m higher than in the same period last year.

**INCOME TAXES** The change – as compared with the same period last year – in the effective rate of tax on a consolidated basis is principally a consequence of the varying proportions of Group earnings contributed by individual companies subject to different tax regimes.

Taxes on income are also significantly affected by the measurement of deferred taxation. For a large part of the tax loss carryforwards arising, no deferred tax assets have been recognised, since the likelihood of their being realisable in the foreseeable future is low.

## NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

**CURRENCY TRANSLATION DIFFERENCES** The negative variation of in the foreign currency translation reserve of the current financial year (EUR -26.6m) was the result of the changes in exchange rates of the Group's functional currencies, the Chinese renminbi, the Hong Kong dollar, the US dollar and the Indian rupee against the Group reporting currency, the euro.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

**ASSETS AND FINANCES** The net debt of EUR 202.5m was less than the EUR 217.4m outstanding at 31 March 2013. Net current assets rose from EUR 102.7m at 31 March 2013 to EUR 114.0m. The net gearing ratio of 64% at the end of the half-year was also significantly lower than the level of 71% achieved at the end of the most recent financial year.

At 30 September 2013 the Group had other financial liabilities amounting to EUR 56.6m, in connection with contractually binding investment commitments, the majority of which were related to the expansion of the new plant in Chongqing. As at 31 March 2013, other financial liabilities stood at EUR 16.9m.

On 17 September 2013 the Supervisory Board of AT&S AG made a policy decision and passed a resolution to carry out a capital increase by issuing up to 12,950,000 new shares, and also to sell 2,577,412 shares held by AT&S AG.

As a first step, the Project Committee of the Supervisory Board made an implementing decision authorising a resolution to allot 3,367,471 new shares representing subscription rights waived by the two principal shareholders to institutional investors in an accelerated bookbuilding process. An issue price for all new shares was set at EUR 6.50 during the course of this preplacement. The issue was registered in the Register of Companies on 20 September 2013. After deduction of transaction costs, this increased the subscribed capital from EUR 45.9m to EUR 66.7m, which is reflected in this half-yearly report.

On the basis of a second implementing decision of the Project Committee of the Supervisory Board on 4 October 2013, a further 9,582,529 new shares were issued at a price of EUR 6.50 per share. The gross proceeds of the issue were EUR 62.3m. As the second tranche of the capital increase was not entered into the company register until 5 October 2013, and therefore after the end of the reporting period, this part of the capital increase is not reflected this interim report.

Consolidated equity increased from EUR 304.8m at 31 March 2013 to EUR 316.4m. This change reflects the consolidated profit of EUR 22.0m, unfavourable exchange rate differences of EUR -26.6m, the dividend payment of EUR -4.7 m, as well as the capital increase of EUR 20.8m.

**TREASURY SHARES** In the 19th Annual General Meeting of 4 July 2013 the Management Board was again authorised for a period of 30 months from the date of the resolution to acquire and retire the Company's own shares up to a maximum amount of 10% of the share capital. The Management Board was also again authorised – for a period of five years (i.e., until 3 July 2018) and subject to the approval of the Supervisory Board – to dispose of treasury shares otherwise than through the stock exchange or by means of public offerings, and in particular for the purpose of enabling the exercise of employee stock options or the conversion of convertible bonds, or as consideration for the acquisition of businesses or other assets.

No further treasury shares were acquired under the share repurchase scheme in the first half of this financial year. At 30 September 2013 and taking into account the stock options exercised, the Group held the same number of treasury shares – 2,577,412 shares, or 8.81% of the issued share capital – as at 31 March 2013, with a total acquisition cost of EUR 46.6m.

At the same time as the second tranche of new shares was issued, the 2,577,412 shares held by AT&S AG were sold at a price of EUR 6.50 per share. In consequence, AT&S AG no longer holds any treasury stock. As this transaction took place on 5 October 2013, and therefore after the end of the reporting period, the treasury stock previously held by the Group is still reflected in this report.

## NOTES TO THE STATEMENT OF CASH FLOWS

Net cash generated by operating activities in the first half of the financial year amounted to EUR 40.3m, compared with EUR 21.3m in the same period last year. The main reason for this considerable increase was the EUR 20.0m increase in consolidated net income.

Net cash used in investing activities amounted to EUR -40.1m. The investments in the current financial year primarily relate to the new production facility in Chongqing.

Cash inflows from financing activities came to EUR 24.2m, of this amount EUR 20.8m related to the capital increase.

## OTHER INFORMATION

**DIVIDENDS** The Annual General Meeting of 4 July 2013 in the first half of the current financial year resolved on the payment of a dividend of EUR 0.20 per share out of retained earnings as at 31 March 2013. The dividend distribution of EUR 4.7m took place on 25 July 2013.

**RELATED PARTY TRANSACTIONS** In connection with various projects, in the first half of the financial year 2013/14 fees amounting to EUR 182,000 were payable to AIC Androsch International Management Consulting GmbH, fees of EUR 4,000 were payable to Dörflinger Management und Beteiligungs GmbH and fees of EUR 6,000 to Riedl & Ringhofer (lawyers).

Leoben-Hinterberg, 5 November 2013

Management Board

Andreas Gerstenmayer m.p.
Heinz Moitzi m.p.

# Group Interim Management Report

**BUSINESS DEVELOPMENTS AND PERFORMANCE** Compared with the low level of demand in the same period of the last financial year, the results for the first half of the financial year 2013/14 were thoroughly satisfactory. This was largely the result of above average capacity utilisation for this particular reporting period.

There were significant increases in half-yearly sales in all segments compared with the same period last year, with Mobile Devices reporting a 19% increase and Industrial & Automotive posting gains of 15%.

In terms of customer regions, sales increased in America, and in Asia and Europe. The proportion of printed circuit board sales produced in Asia – 75% – was more or less unchanged from last year.

In the first half of the current financial year capacity utilisation was good in all AT&S plants, and correspondingly, the gross profit for the period was the highest in AT&S's history.

In the light of the continuing loss-making situation in the Klagenfurt plant, in May 2013 the Management Board decided to close it. A provision of EUR 3.0m has been charged to expense, in spite of which EBIT amounted to EUR 30.6m, and the EBIT margin was 10.2%.

**MATERIAL EVENTS AFTER THE END OF THE REPORTING PERIOD** On 9 October 2013 the Group successfully carried out a capital increase by issuing 12,950,000 new shares and also sold 2,577,412 shares held by AT&S AG. The transaction generated gross proceeds of EUR 100.9m. The transaction is presented in detail in the supplementary notes to the interim financial report for the half year ended 30 September 2013.

**SIGNIFICANT RISKS, UNCERTAINTIES AND OPPORTUNITIES** There were no material differences in the categories of risk exposure in the course of the first half of the financial year 2013/14 compared with those described in detail in the notes to the 2012/13 consolidated financial statements under II. Risk Report.

AT&S's liquidity is excellent. The issue of a five-year EUR 100m bond in November 2011 and the provision of a long-term loan by Oesterreichische Kontrollbank in April 2012 mean that ample long-term funds are available. The EUR 80m bond that matured in May 2013 has been replaced by money market financing. Sufficient short-term credit facilities are also available to cover working capital requirements. In addition to this, on the basis of the authorisation conferred in the Annual General Meeting of 4 July 2013, the Management Board also has the option of issuing convertible bonds up to a nominal value of EUR 100,000,000. As regards planned investments in

Chongqing and the necessary liquidity for the upcoming investment phase, we are currently engaged in bank negotiations to secure the necessary long-term financing.

In the first half of financial year 2013/14 there was a significant positive cash flow from operating activities. On the basis of expected continuing net cash inflows from operating activities and the extensive financing options, enough liquidity is available to cover all currently planned investments.

For more information on the use of financial instruments, please refer to the detailed Risk Report in the notes to the consolidated annual financial statements 2012/13. Changes in the exchange rates of functional currencies against the reporting currency, the euro, are mainly recognised directly in equity without affecting profit and loss.

Net gearing of 64% at 30 September 2013 was significantly lower than at the end of the financial year 2012/13. Unfavourable exchange rate differences caused by the rise of the euro against the Chinese renminbi, the Hong Kong dollar, the US dollar and the Indian rupee led to a reduction of equity.

At the start of the current financial year, AT&S considerably exceeded its external growth expectations. With respect to the opportunities and risks related to developments in the external environment for the financial year 2013/14 as a whole, the assumption is still that total sales of the printed circuit board industry worldwide will increase.

**OUTLOOK** The volatility of the global economy continues to make it very difficult to reliably quantify future requirements, which in turn makes forecasting future performance more uncertain. Taking seasonal patterns into account we are forecasting moderate revenue growth of 5% and an EBITDA margin of 18-20% for the financial year 2013/14.

Leoben-Hinterberg, 5 November 2013

Management Board

Andreas Gerstenmayer m.p.
Heinz Moitzi m.p.

# Statement of all Legal Representatives

We confirm to the best of our knowledge that the interim 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 interim management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Leoben-Hinterberg, 5 November 2013

The Management Board

Andreas Gerstenmayer
Chairman of the Management Board

Heinz Moitzi
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