

# AT&S

## First choice for advanced applications

Current business environment

Conference call

23<sup>th</sup> April 2020

AT&S

   [www.ats.net](http://www.ats.net)

# Operative update

AT&S has managed the situation successfully so far

- AT&S in China has been manufacturing at all sites again since mid-February
  - Almost all employees have returned to all plants in China
- Production site in India is confronted with restrictive execution of imposed government measures
  - AT&S still has the permission to produce important medical components (e.g. for life-saving ventilators)
  - Overall capacity is on low level
- Other locations in Austria and Korea are in operations
  - No restrictions on order processing
- As of today AT&S is not experiencing shortages in the supply chain
  - Increase in safety stocks
- AT&S is taking extensive measures to curb the spread of the coronavirus
  - Conduct business trips and external meetings at all locations only in urgent cases
  - Extension of the existing home office regulation
  - Internal platform with the latest updates as well as behavioral tips and hotline for questions

# Market update

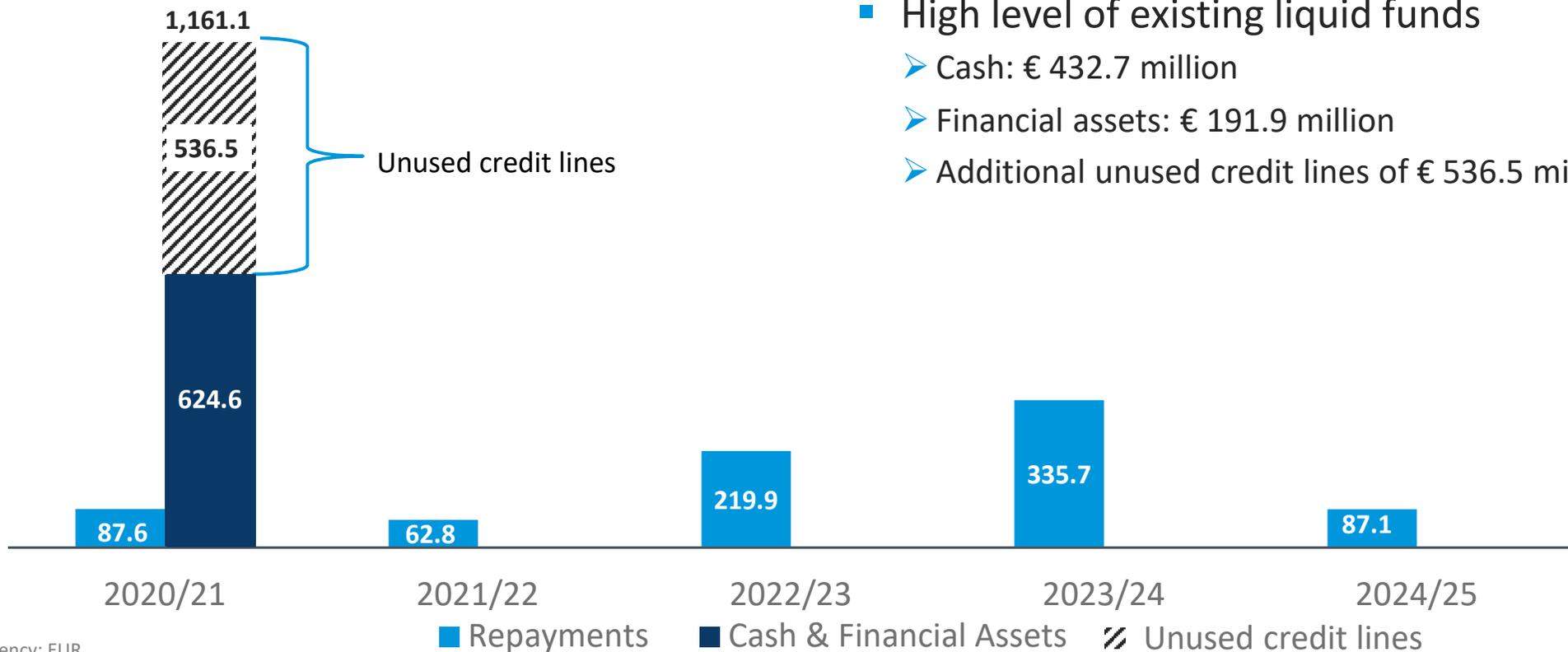
- Current developments is causing uncertain consumer behaviour
- Increasing data volumes caused by more home-office or videoconferencing will lead to an even higher demand for datacenters or 5G infrastructure
- So far no major order cancellations, but orders have been shifted in Automotive and Mobile Devices
- Differing demand on the customer side
  - Demand outlook in Mobile Devices volatile due to uncertain future customer behaviour
  - Outlook for substrates on a very high level
  - Difficult market situation in the automotive sector due to COVID-19 is expected to continue until 2021

- Guidance for 2019/20 confirmed
  - Revenue level of around € 960 million with an EBITDA margin of 18% to 20%
  - Preliminary results to be published on 14<sup>th</sup> May
  - Capex 2019/20 to be expected slightly below guidance (timing variances)
  
- Economic impact of the COVID-19 pandemic on the financial year 2020/21 cannot be assessed
  - Due to effects on the global logistics and production chains demand will record a decline in some customer segments
  - Expansion of capacities in Chongqing I and II on track, but is becoming challenging due to travel restrictions
  - After official approval to reopen the construction site around two month delay in Chongqing III expected so far

# Solid finance structure

Existing fund and cashflow generation help to meet repayments and capex needs

- High level of existing liquid funds
  - Cash: € 432.7 million
  - Financial assets: € 191.9 million
  - Additional unused credit lines of € 536.5 million

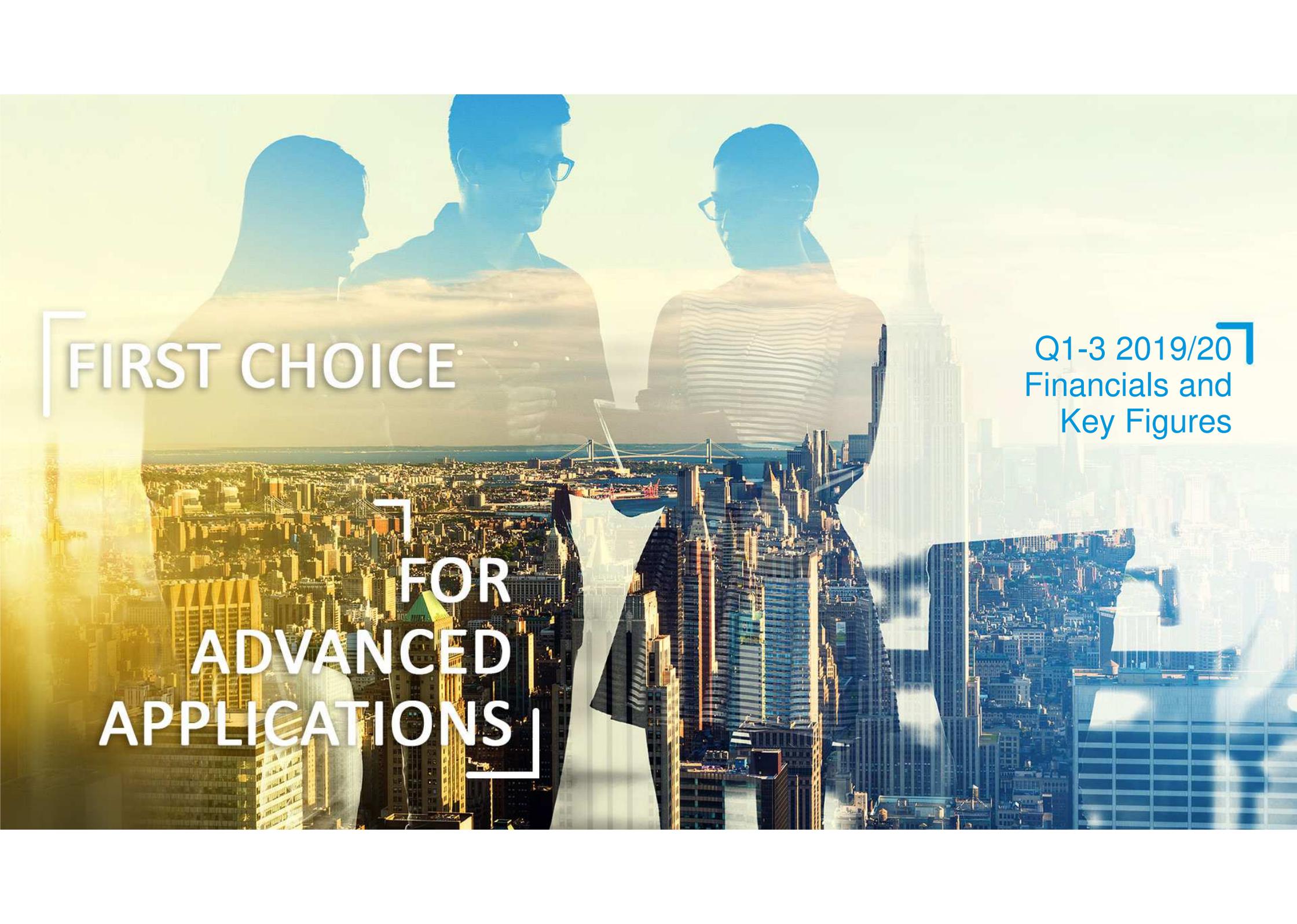


Currency: EUR  
 Note: as of 31.12.2019; future generated cashflow still to be considered

# Investor key messages

## Fundamental environment in electronics industry intact despite Covid-19 impact

- Trends enable profitable growth in high-end printed circuit board and substrates business
- Long-term growth opportunities remain
  - AI, 5G, automation and modules drive the market and mid-term growth perspective of AT&S
  - Applications like servers for datacenters or 5G infrastructure are even in higher demand to support increasing data volumes
  - High-end IC substrates are highly specialized solutions that provide unique value to our customer and substantial growth opportunities for AT&S
- Modularization trend to reduce time to market, size and cost for electronic products will drive long-term value well into this decade
- Innovation is a key driver for the industry and provides long term growth
- AT&S mid-term guidance with an annual revenue of € 2 billion and EBITDA margin of 25 to 30 % in place
  - Under the premise of a stable development of base business and full expansion of the plants in Chongqing

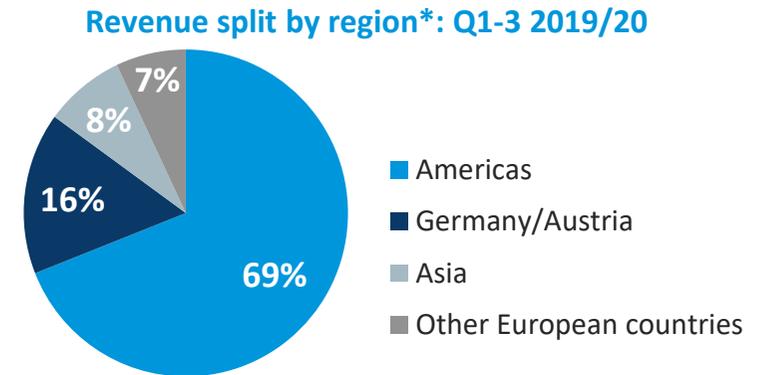
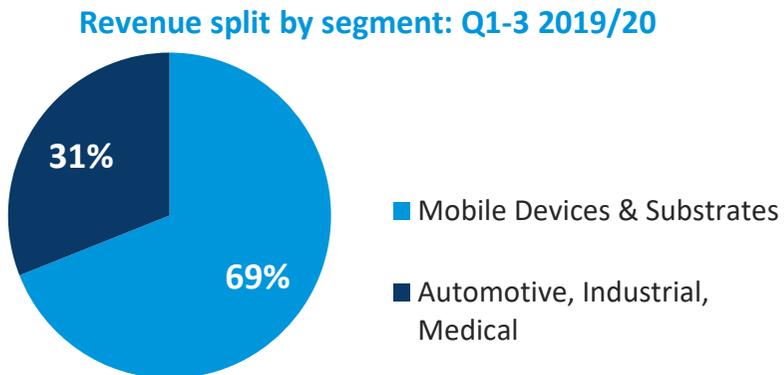
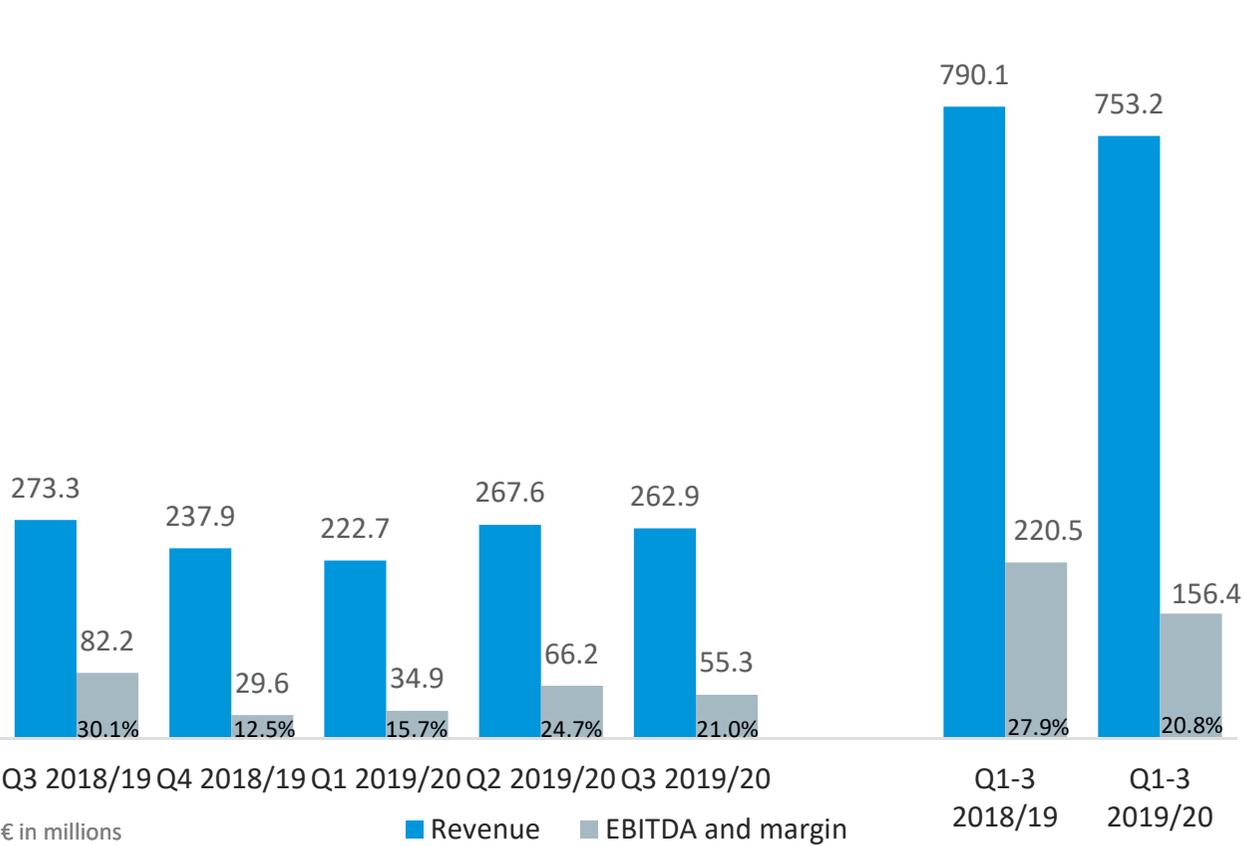


FIRST CHOICE

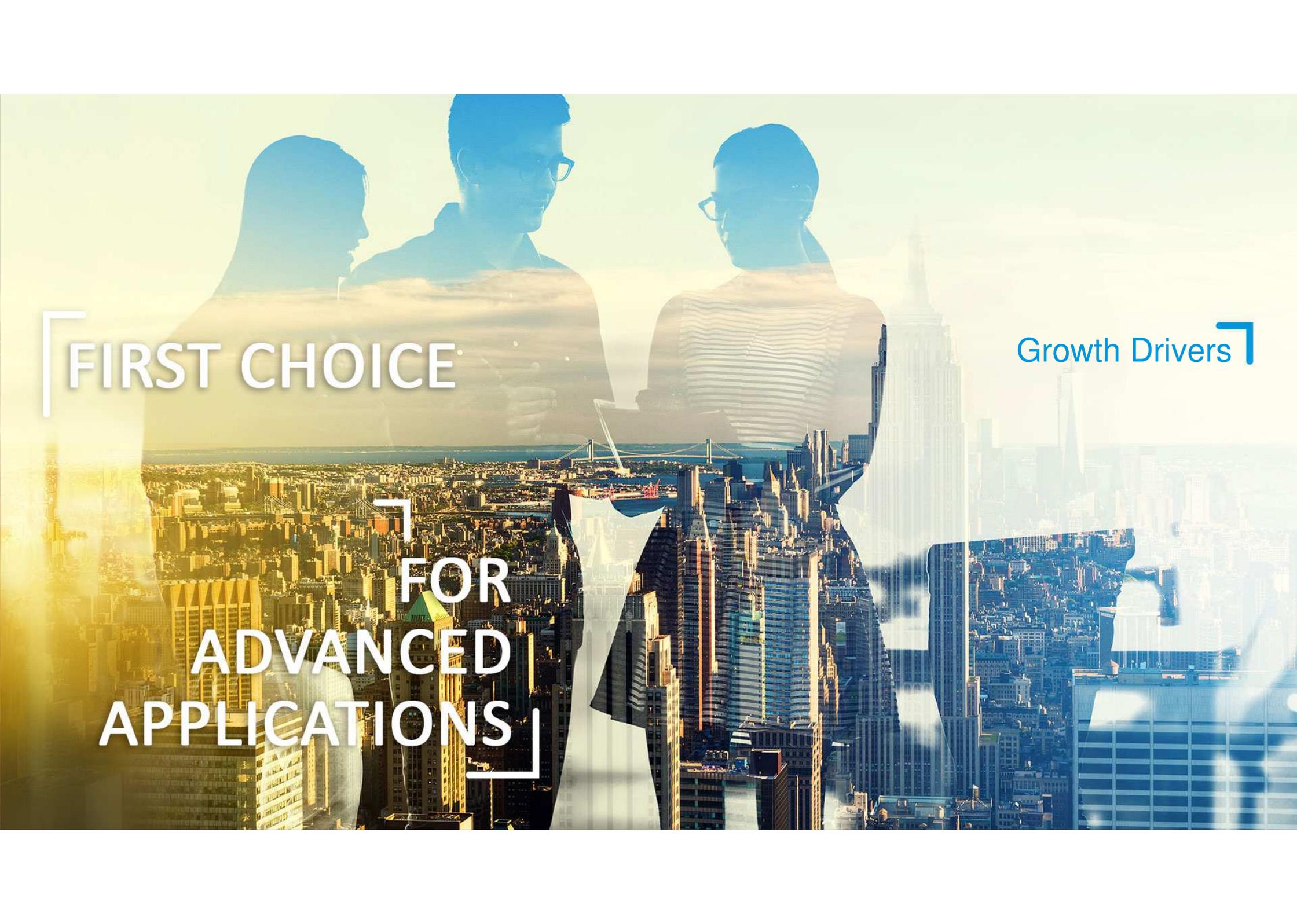
Q1-3 2019/20  
Financials and  
Key Figures

FOR  
ADVANCED  
APPLICATIONS

# Revenue and EBITDA development



\*based on customer's headquarters



FIRST CHOICE

Growth Drivers

FOR  
ADVANCED  
APPLICATIONS

# Growth potential in all segments

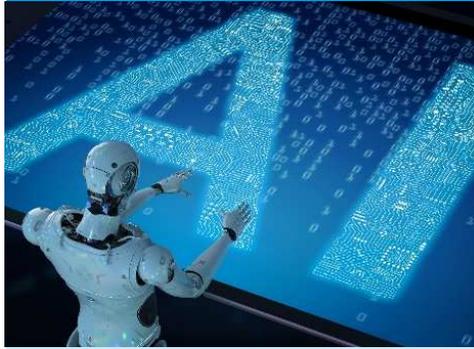
Further opportunities by increased trend to digitalization

## 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



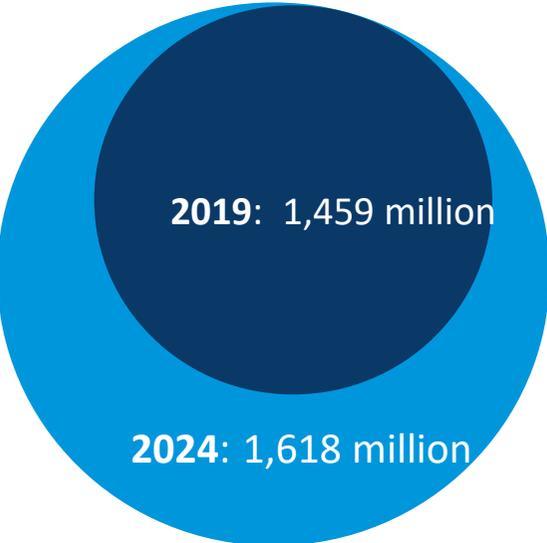
- Automation
  - Machine-to-machine communication (5G)
  - Artificial Intelligence
- Mobile therapy and diagnostic devices

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

# 5G – the new standard for connectivity

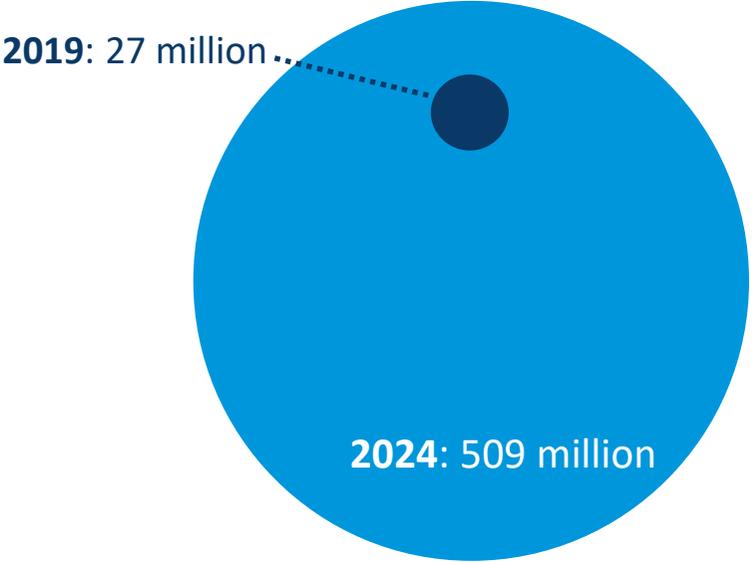
## Smartphone growth opportunities

Total smartphones [units]



CAGR: 2.09%

5G smartphones [units]



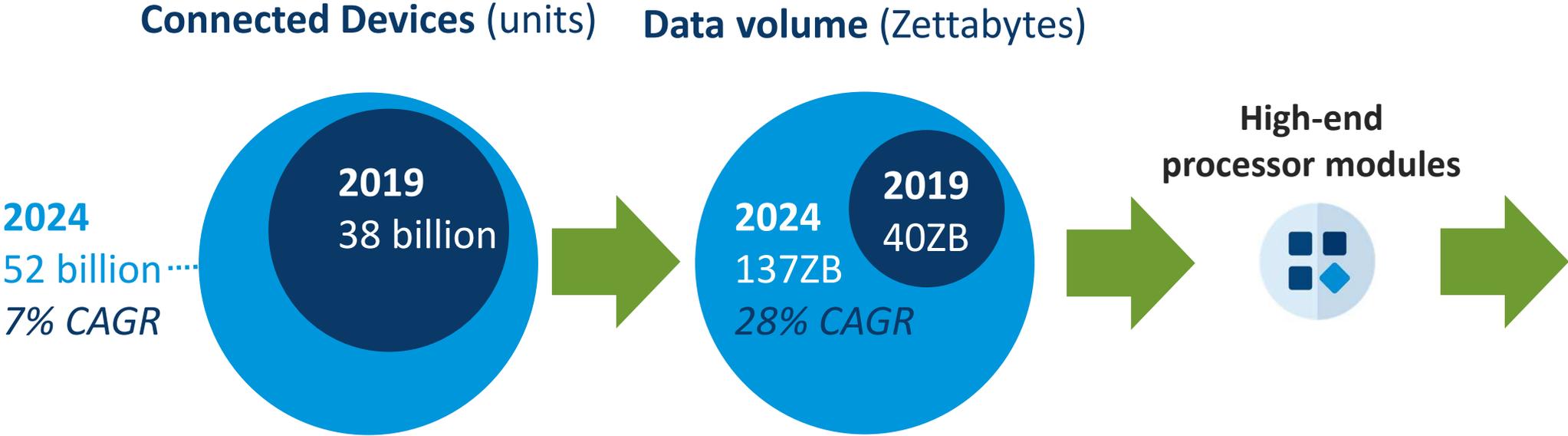
CAGR: 80%

- 5G will reach 30% of total market by 2024
- 5G smartphones require high-end technologies like offered by AT&S
- Ongoing projects with leading OEMs
- Uncertainty with regard to economic impact of Covid-19, but long-term smartphone growth opportunities stay intact

Source: Yole (2019)

# Big Data – additional growth opportunities ahead

Data volume growth drives the need for high-end processor modules

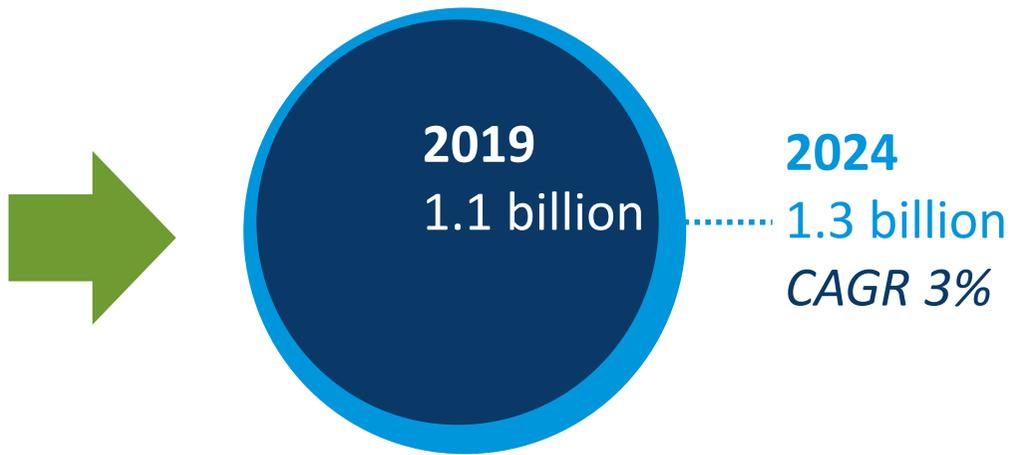


Source: Prismark (2019), Yole (2019)

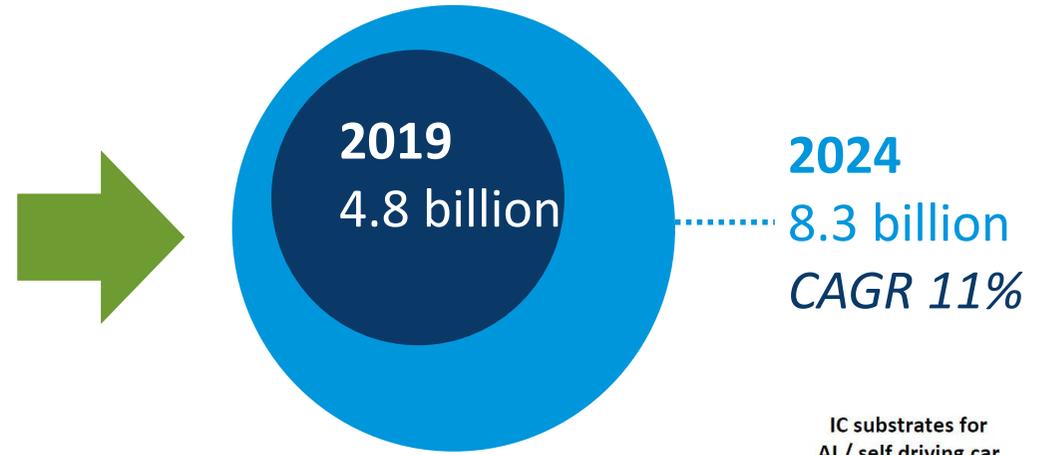
# Big Data – additional growth opportunities ahead

High-end IC substrates with strong growth – driven by AI and memory integration

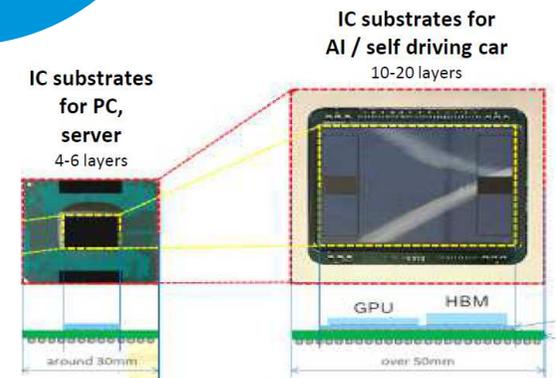
## High-end processor modules (units)



## High-end IC substrates (US\$)



- More powerful processors modules require larger form factor, higher layer count and thus higher value IC substrates
- Embedding of components further increases AT&S value add

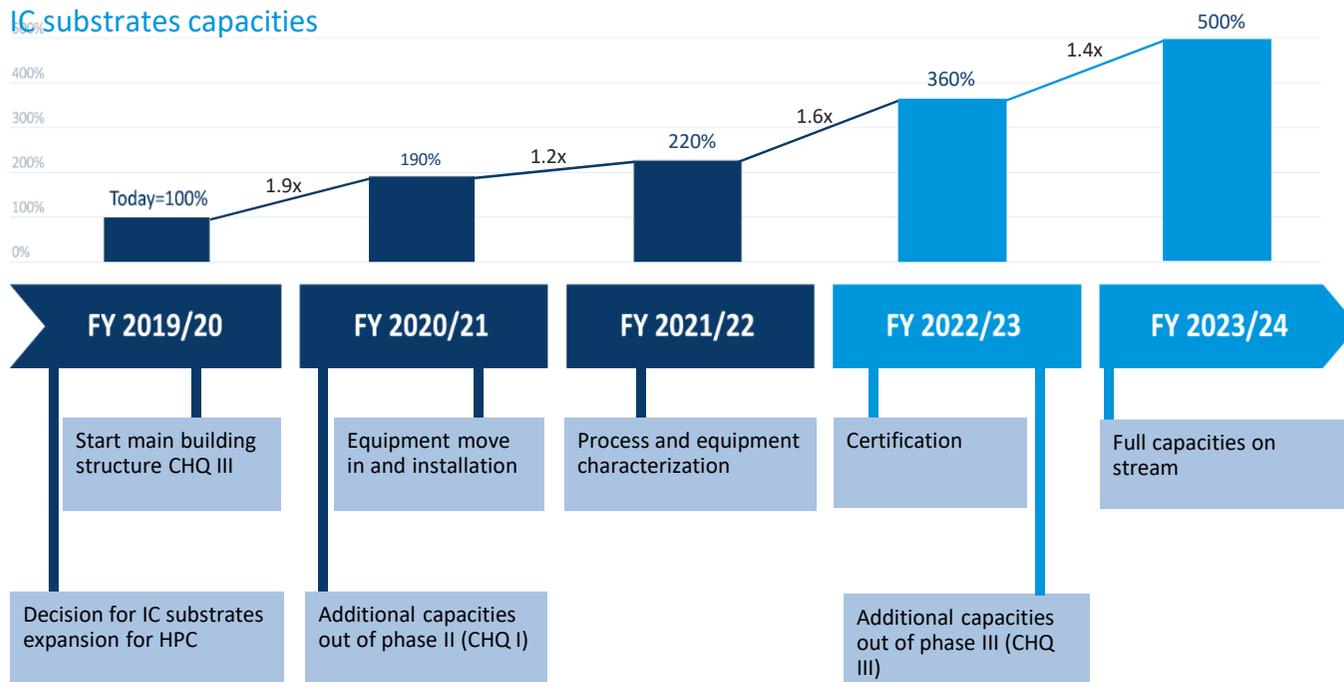


Source: Prismark (2019), Yole (2019)

# IC substrates business in Chongqing

Investment backed by sufficient demand for high-end IC substrates

IC substrates capacities



- Strategic focus on business with IC substrates for high-performance computing modules
- Significant new capacities and revenues out of phase II (CHQ I) in 2020/21
- Phase II finished in 2021/22
- New investment (phase III) brings next big capacity increase in 2022/23
- All AT&S IC substrates capacities fully on stream from 2023/24 onwards

# Investment in module business

## New business opportunities to support customer and application diversification

- Trends in the electronics industry enable further profitable growth in the high-end printed circuit board and substrate business
- 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)
- Major driver: modularization trend to reduce time to market, size and cost for electronic products
- AI and 5G drive module integration
- Module integration market to grow by 12% per year until 2024
- Expected market size by 2024: \$ 56 billion



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

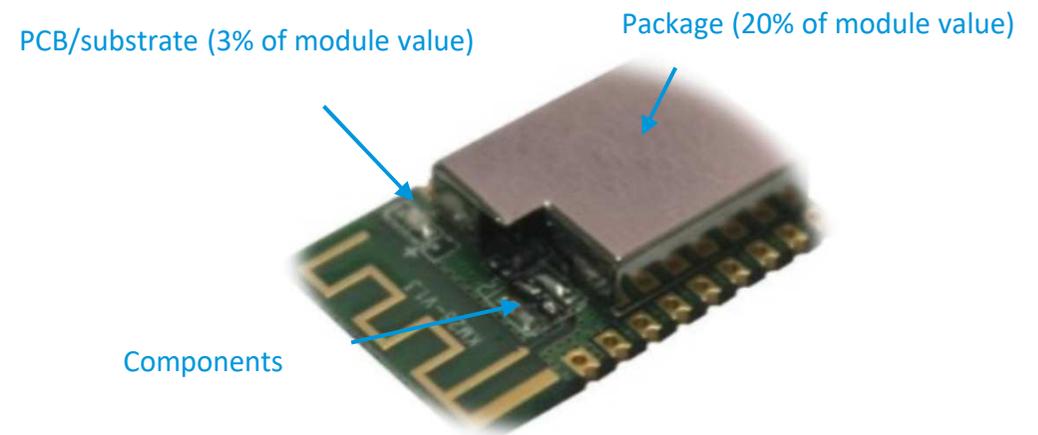
# Investment in module business

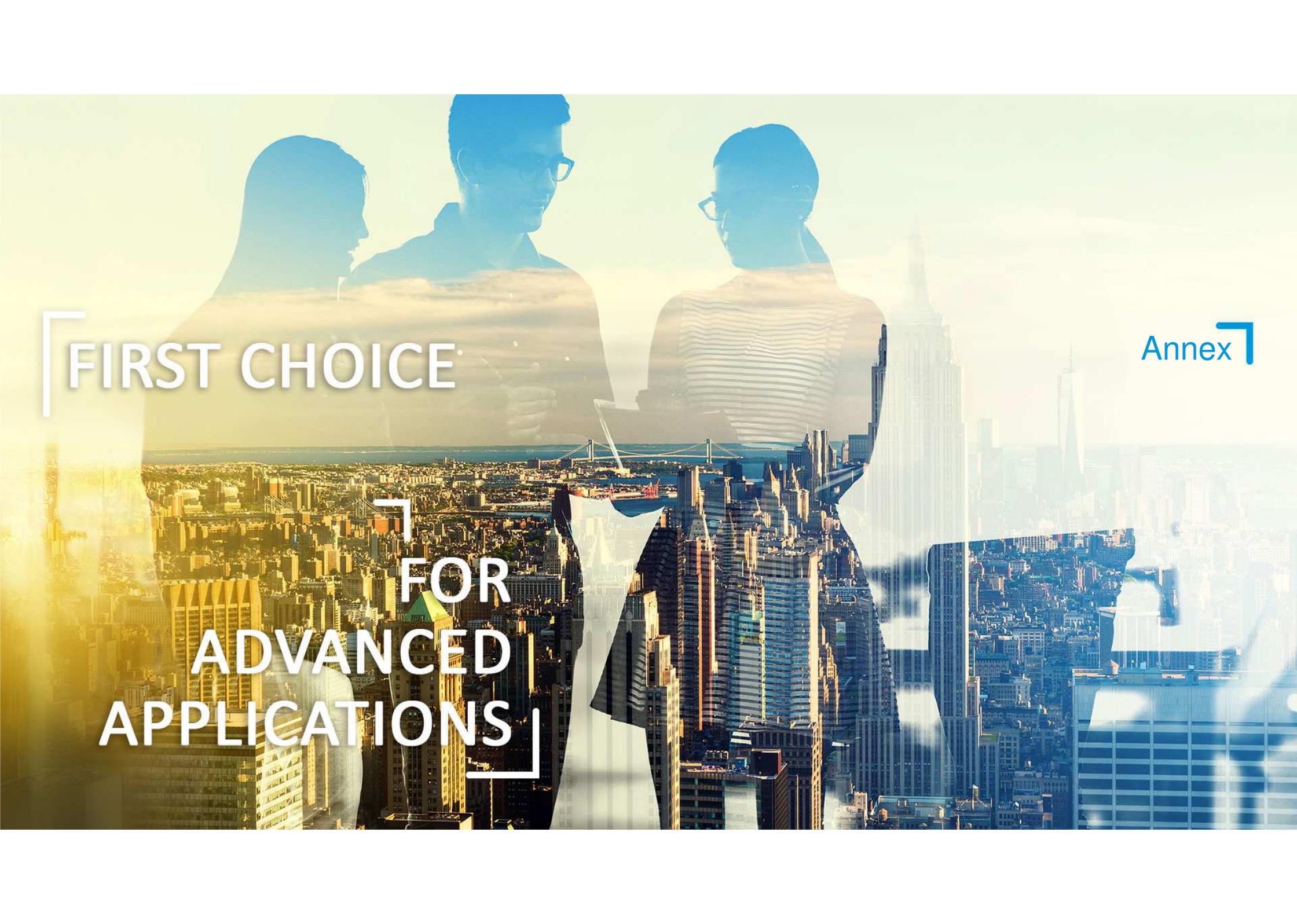
## Chongqing II the AT&S competence center for module business

- Module PCB/substrates expected to reach ~5 – 10% of group revenues within the next two years
- Total investment Chongqing II in module business of about € 160 million over the 2 – 3 years
  - Thereof € 30 million in 2019/20
- Main applications include PCBs for RF/5G modules, camera modules and wearables



### RF module





FIRST CHOICE

Annex

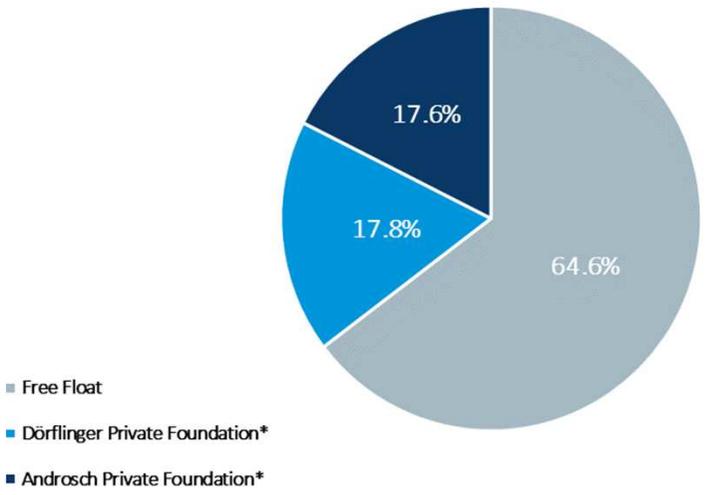
FOR  
ADVANCED  
APPLICATIONS

# AT&S – STOCK PROFILE

<b>Listing:</b>	Vienna Stock Exchange, Prime Standard	<b># of shares outstanding</b>	38.85m
<b>Indices:</b>	ATX, Vönix, WBI	<b>Dividend for 2018/19:</b>	€ 0.60 per share
<b>Thomson Reuters (A):</b>	ATSV.VI		
<b>Bloomberg (A):</b>	ATS:AV		

## Financial Calendar      Shareholder structure

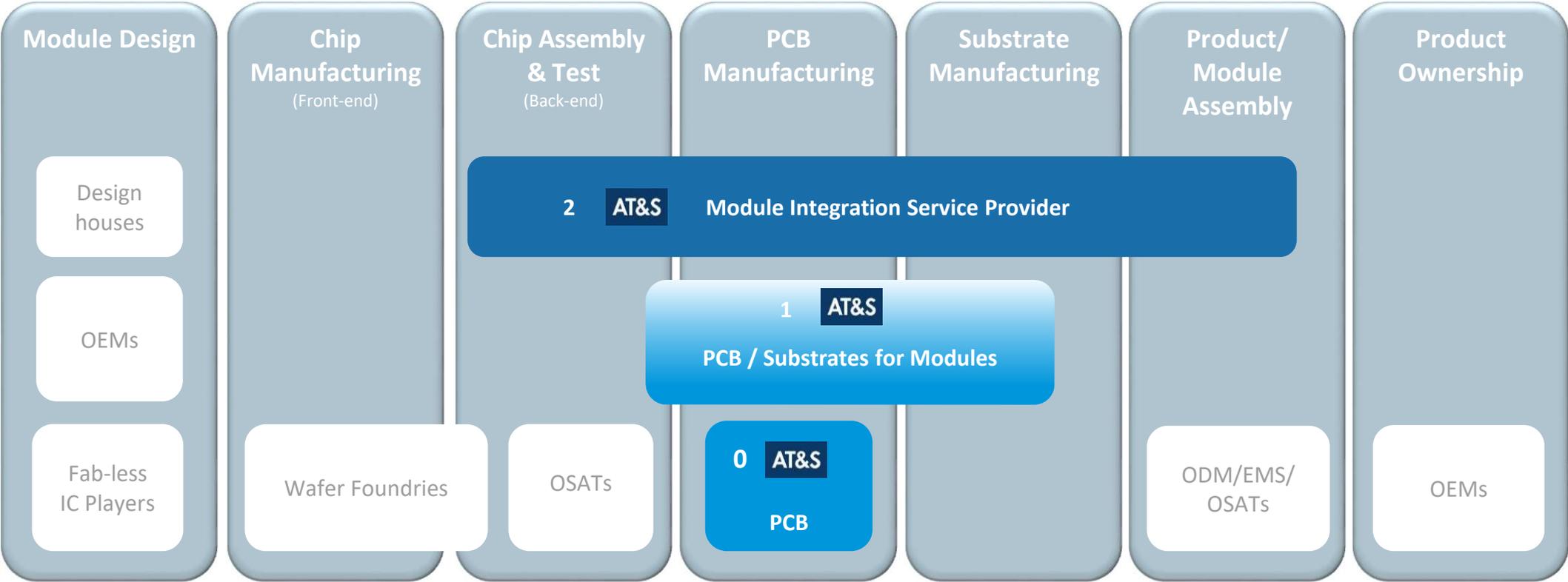
Preliminary results 2019/20	14 May 2020
Annual general meeting	09 July 2020



\*including direct and indirect holdings

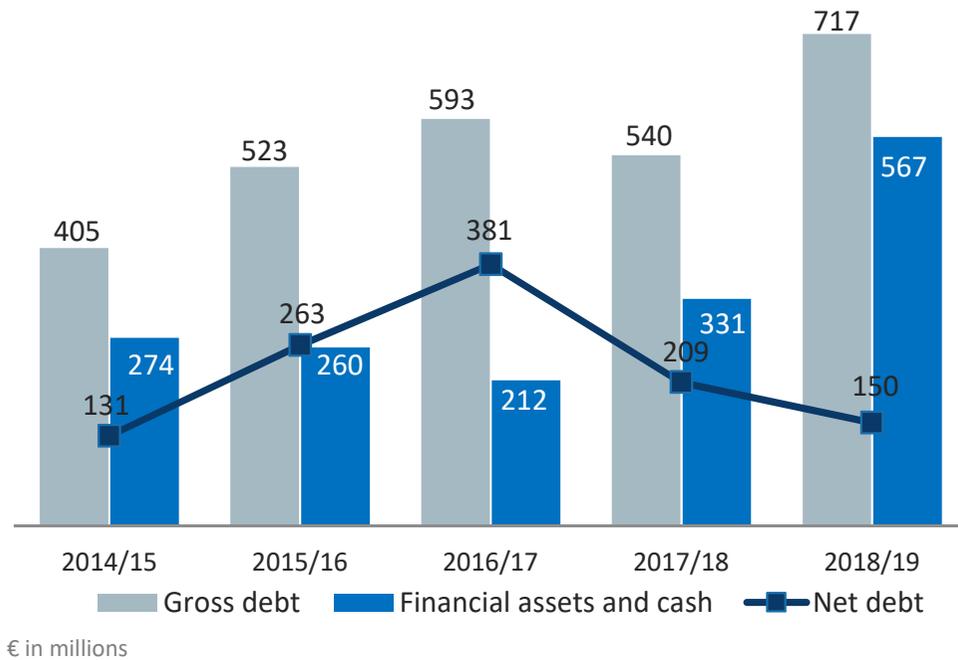
# Supply chain in the electronics industry

New business opportunities through entry into the module market

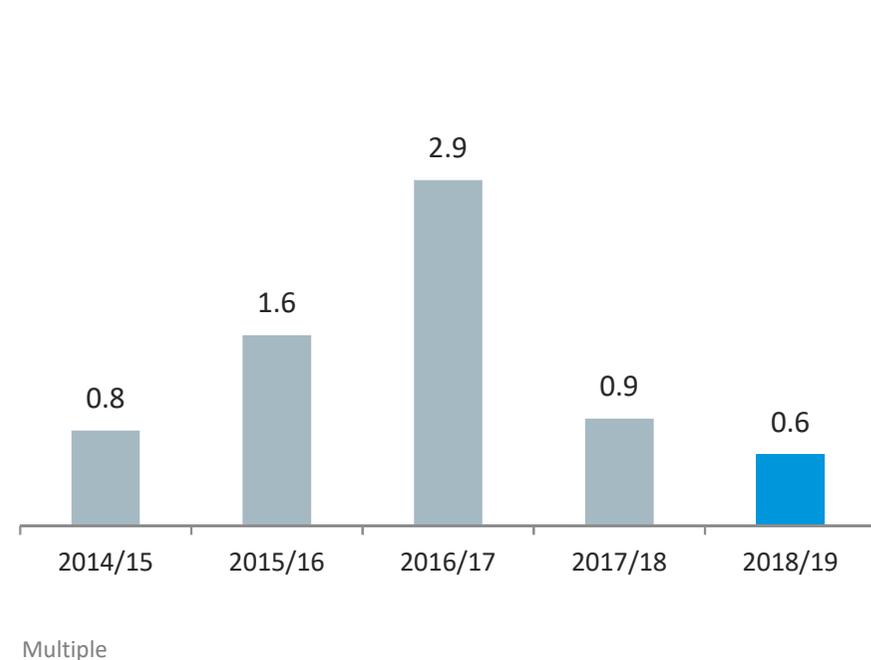


# Key credit figures

Gross debt, financial assets and cash, net debt



Net debt/EBITDA



- Net debt decrease results from positive operating free cash flow

- Target: < 3x



**Thank you  
for your attention!**

**AT&S**

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