



**more**



**than**



**AT&S**

Quarterly Financial Report Q1 2018/19

# Key figures

| <b>EARNINGS DATA AND GENERAL INFORMATION</b>                              | Unit          | Q1 2017/18  | Q1 2018/19  | Change<br>in % |
|---|---------------|-------------|-------------|----------------|
| Revenue   | € in millions | 199.6       | 222.1       | 11.2 %         |
| thereof produced in Asia  | %             | 81%         | 83%         | –              |
| thereof produced in Europe  | %             | 19%         | 17%         | –              |
| Cost of sales   | € in millions | 186.0       | 193.7       | 4.1 %          |
| Gross profit  | € in millions | 13.7        | 28.4        | >100%          |
| Gross profit margin   | %             | 6.8%        | 12.8%       | –              |
| EBITDA  | € in millions | 29.7        | 52.0        | 75.4 %         |
| EBITDA margin   | %             | 14.9%       | 23.4%       | –              |
| EBIT  | € in millions | (3.4)       | 18.3        | –              |
| EBIT margin   | %             | (1.7%)      | 8.3%        | –              |
| Profit/(loss) for the period  | € in millions | (11.2)      | 13.5        | –              |
| Profit/(loss) for the period attributable to owners of the parent company | € in millions | (11.2)      | 11.5        | –              |
| ROE (Return on equity) <sup>1)</sup>                                      | %             | (8.8%)      | 7.4%        | –              |
| ROCE (Return on capital employed) <sup>1)</sup>                           | %             | (3.8%)      | 5.0%        | –              |
| ROS (Return on sales)   | %             | (5.6%)      | 6.1%        | –              |
| Cash flow from operating activities (OCF)                                 | € in millions | (49.3)      | 4.6         | –              |
| Net CAPEX   | € in millions | 69.7        | 17.1        | (75.5 %)       |
| Operating free cash flow <sup>2)</sup>                                    | € in millions | (119.0)     | (12.5)      | –              |
| Free cash flow <sup>3)</sup>  | € in millions | (116.3)     | (17.0)      | –              |
| Employees (incl. leased personnel), end of reporting period               | –             | 9,978       | 9,526       | (4.5 %)        |
| Employees (incl. leased personnel), average                               | –             | 9,901       | 9,598       | (3.1 %)        |
| <b>BALANCE SHEET DATA</b>   |               | 31 Mar 2018 | 30 Jun 2018 |                |
| Total assets  | € in millions | 1,530.4     | 1,551.9     | 1.4 %          |
| Total equity <sup>4)</sup>  | € in millions | 711.4       | 743.6       | 4.5 %          |
| Equity ratio  | %             | 46.5%       | 47.9%       | –              |
| Net debt  | € in millions | 209.2       | 214.1       | 2.3 %          |
| Net gearing   | %             | 29.4%       | 28.8%       | –              |
| Net working capital   | € in millions | 72.4        | 127.3       | 75.8 %         |
| Net working capital per revenue   | %             | 7.3%        | 14.3%       | –              |
| <b>STOCK EXCHANGE DATA</b>  |               | Q1 2017/18  | Q1 2018/19  |                |
| Shares outstanding, end of reporting period                               | –             | 38,850,000  | 38,850,000  | –              |
| Weighted average number of shares outstanding                             | –             | 38,850,000  | 38,850,000  | –              |
| Earnings per shares outstanding end of reporting period                   | €             | (0.29)      | 0.30        | –              |
| Earnings per average number of shares outstanding                         | €             | (0.29)      | 0.30        | –              |
| Closing price, end of reporting period                                    | €             | 9.84        | 15.92       | 61.8 %         |
| Market capitalisation, end of reporting period                            | € in millions | 382.3       | 618.5       | 61.8 %         |

<sup>1)</sup> Calculated on the basis of average values

<sup>2)</sup> OCF minus Net CAPEX

<sup>3)</sup> OCF minus Cash flow from investing activities

<sup>4)</sup> Equity including hybrid capital

# Summary

- Investments of the past years bear fruit.
- Additional capacities in Chongqing have a positive impact on revenue and earnings.
- Increase in revenue by 11.2% to € 222.1 million.
- Very good demand for IC substrates.
- EBITDA up 75.4% thanks to higher earnings from Chongqing and positive valuation effects.
- EBITDA margin rose to 23.4% (previous year: 14.9%).
- Earnings per share improved from € -0.29 to € 0.30.
- Profit for the period increased to € 13.5 million compared with € -11.2 million in the prior-year quarter.
- Net debt slightly increased from € 209.2 million to € 214.1 million; net gearing ratio amounted to 28.8%.
- Net investments in tangible and intangible assets in the first three months: € 17.1 million.
- Issue of promissory note loan of € 292.5 million successfully completed.
- Outlook for 2018/19 at the upper end of the indicated range confirmed.



# Corporate Governance information

**24<sup>TH</sup> ANNUAL GENERAL MEETING** The 24th Ordinary Annual General Meeting of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (AT&S) adopted a dividend of € 0.36 per participating no-par value share for the financial year 2017/18 on 5 July 2018.

At the Annual General Meeting, the members of the Management Board and the Supervisory Board were granted discharge for the financial year 2017/18.

Pursuant to the proposal of the Management Board and the Supervisory Board, the remuneration of the Supervisory Board for the financial year 2017/18 was set at a total of € 466,960.0.

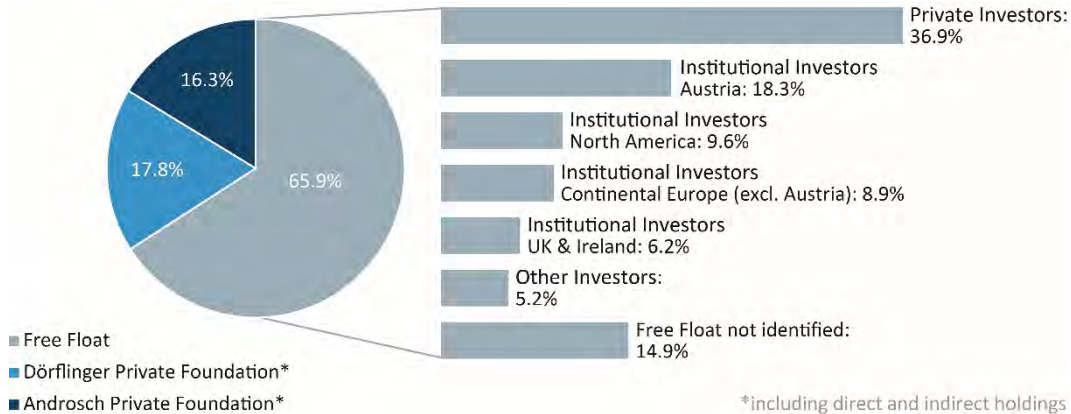
PwC Wirtschaftsprüfung GmbH, Vienna, was appointed auditor and group auditor for the financial year 2018/19.

**DIRECTORS' DEALINGS** On 20 June 2018 Monika Stoisser-Göhring, CFO of AT&S, acquired 1,000 shares of AT&S. The transaction was duly disclosed on 20 June 2018. The average price amounted to € 15.74 and the total value of the shares thus acquired amounted to € 15,741.26. After this transaction was completed, Monika Stoisser-Göhring now holds 2,000 shares of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft.



# AT&S share

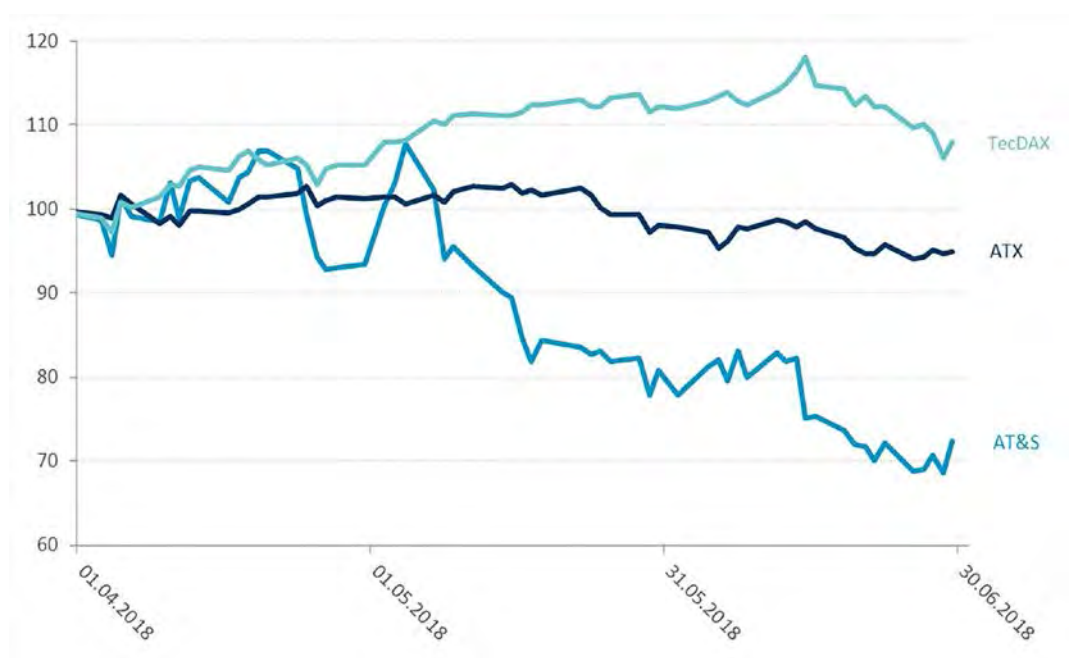
## SHAREHOLDER STRUCTURE



## DEVELOPMENTS IN THE CAPITAL MARKET IN THE FIRST THREE MONTHS OF 2018/19

The international stock markets generally showed a friendly development in the first quarter of the financial year 2018/19. Solid corporate and economic data and the prospect of continued low interest rates in the euro area once again proved to be supportive and largely compensated for the escalating global trade conflicts.

## AT&S AGAINST ATX PRIME AND TECDAX



**PERFORMANCE AND LIQUIDITY OF THE AT&S SHARE** The news situation at AT&S was predominantly positive in the past quarter. The company was able to report record results for the financial year 2017/18, and to announce and pay out a significantly higher dividend. The latter was also the result of a

substantial improvement in the company's fundamental development. Moreover, in May 2018 AT&S held out the prospect of further growth for the current financial year 2018/19 and a 50% increase in revenue in the medium term.

Nevertheless, the AT&S share did not perform in line with the positive news situation during the reporting period. The share closed at a price of € 15.92 on 29 June 2018, recording a decline of 27.60% since the beginning of the quarter (closing price at 29 March 2018: € 22.00). Among other things, profit taking as well as the subdued outlook in the technology sector regarding mobile applications had a negative impact. The share price was generally marked by high volatility and fluctuated between € 14.70 and € 24.10. The liquidity of the share developed very positively. The average daily volume of AT&S shares traded on the Vienna Stock Exchange was 162,896, which corresponds to an increase by nearly 200% (comparative quarter: 54,705 shares; single count). The average daily trading turnover of € 3,054,677 (+478 % over the prior-year comparative period; single count) is also evidence of this development.

## KEY SHARE FIGURES FOR THE FIRST THREE MONTHS

| €                  | 30 Jun 2018 | 30 Jun 2017 |
|--------------------|-------------|-------------|
| Earnings per share | 0.30        | (0.29)      |
| High               | 24.10       | 10.30       |
| Low                | 14.70       | 9.16        |
| Close              | 15.92       | 9.84        |

## AT&S SHARE – VIENNA STOCK EXCHANGE

|                    |                         |
|--------------------|-------------------------|
| Shares outstanding | 38,850,000              |
| Security ID number | 922230                  |
| ISIN-Code          | AT0000969985            |
| Symbol             | ATS                     |
| Thomson Reuters    | ATSV.VI                 |
| Bloomberg          | ATS:AV                  |
| Indices            | ATX, ATX GP, WBI, VÖNIX |

## FINANCIAL CALENDAR

|                 |  |
|-----------------|--|
| 31 October 2018 | Results for the first half-year 2018/19      |
| 31 January 2019 | Results for the first three quarters 2018/19 |
| 07 May 2019     | Annual results 2018/19                       |

# Group Interim Management Report

**BUSINESS DEVELOPMENTS AND SITUATION** AT&S started the financial year 2018/19 with increases in revenue and earnings despite the usual seasonality in our industry in the area of mobile devices.

Revenue rose by € 22.5 million or 11.2% from € 199.6 million to € 222.1 million. This increase resulted from the additional capacity at the plants in Chongqing, which were still partially in the start-up phase in the comparative quarter of the previous year, and generally very strong demand for IC substrates. The Automotive, Industrial, Medical segment was characterised by significantly higher demand from the Medical & Healthcare sector.

Exchange rate effects, especially the weaker US dollar, had a negative impact of € 11.5 million on revenue.

The effects resulting from the application of the new IFRS 15 led to an increase in revenue by € 5.0 million. This change is due to the recognition of revenue over a period of time, which is necessary for certain customers. For further information please refer to the notes to this interim report. The portion of revenue from products made in Asia rose from 81% in the previous year to 83% in the current financial year.

## Result key data

€ in millions (unless otherwise stated)

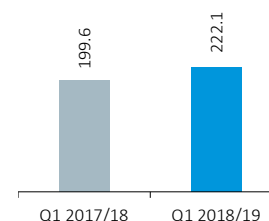
|   | Q1 2018/19 | Q1 2017/18 | Change in % |
|---|------------|------------|-------------|
| Revenue   | 222.1      | 199.6      | 11.2%       |
| Operating result before interest, tax, depreciation and amortisation (EBITDA) | 52.0       | 29.7       | 75.4%       |
| EBITDA margin (%)   | 23.4%      | 14.9%      |             |
| Operating result (EBIT)   | 18.3       | (3.4)      | >100%       |
| EBIT margin (%)   | 8.3%       | (1.7%)     |             |
| Profit/(loss) for the period  | 13.5       | (11.2)     | >100%       |
| Earnings per share (€)  | 0.30       | (0.29)     | >100%       |
| Additions to property, plant and equipment and intangible assets              | 16.7       | 43.9       | (62.0%)     |
| Average number of staff (incl. leased personnel)                              | 9,598      | 9,901      | (3.1%)      |

EBITDA improved by € 22.3 million or 75.4% from € 29.7 million to € 52.0 million. The increase results from significant improvements in earnings in Chongqing. Chongqing was partially still in the start-up phase in the same quarter of the previous year, resulting in the corresponding negative effects on earnings. The current period already reflects the measures to improve efficiency and productivity successfully implemented for the sites in Chongqing and Shanghai in the past quarters. This result was supported by one-off valuation effects (i.a. due to the currency development – the US dollar appreciated against the euro since the beginning of the financial year). A negative impact was caused by the weaker US dollar compared to the same period of the previous year, which was only partially offset by a slightly weaker Chinese yuan renminbi.

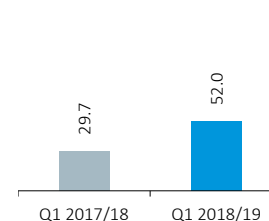
The EBITDA margin amounted to 23.4% in the first three months, up 8.5 percentage points on the prior-year level of 14.9%.

Depreciation and amortisation rose by € 0.6 million or 1.9% from € 33.1 million in the previous year to € 33.7 million. This is due to an increase in depreciation and amortisation by € 2.6 million for Chongqing, which was offset by a decline in depreciation and amortisation by € 1.5 million at the other sites. This net increase was partially compensated by positive exchange rate effects amounting to € 0.4 million.

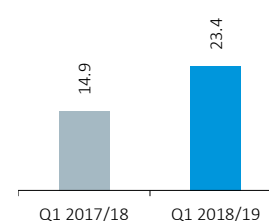
Development of revenue  
€ in millions

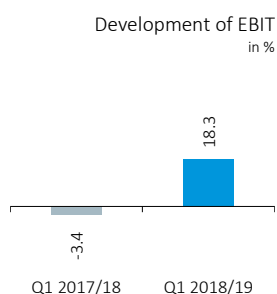


Development of EBITDA  
€ in millions



EBITDA margin  
in %

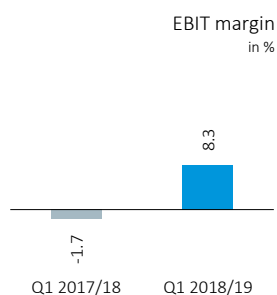




EBIT rose by € 21.7 million from € -3.4 million to € 18.3 million. The EBIT margin amounted to 8.3% (previous year: -1.7%).

Finance costs – net improved significantly from € -2.2 million to € 1.7 million. Although gross debt remained at the level of the previous year, gross interest expenses, at € 2.8 million, were 24.5% lower than the prior-year level of € 3.7 million due to optimization measures carried out subsequent to the hybrid bond. Interest income amounted to € 0.7 million, up € 0.6 million on the prior-year level of € 0.1 million. In addition to significantly higher average cash and cash equivalents, this increase also resulted from the improved interest environment in the USD area. Exchange rate effects improved finance costs by € 4.7 million in the first three months (previous year: income of € 2.0 million).

Tax expenses amounted to € 6.5 million in the first three months (previous year: € 5.6 million). This minor increase in relation to earnings was due to a reduced tax rate at AT&S (China) Company Limited. The comparative figures of the previous year still included the higher tax rate (since the certificate had not yet been granted).



Due to the significantly improved operating result and the improvement in finance costs – net, profit for the period was up € 24.7 million, from € -11.2 million to € 13.5 million. As a result, earnings per share rose from € -0.29 to € 0.30. Interest on hybrid capital of € 2.1 million (previous year: € 0.0 million) was deducted in the calculation of earnings per share.

**FINANCIAL POSITION** Total assets increased by € 21.5 million or 1.4% from € 1,530.4 million to € 1,551.9 million in the first three months. The increase due to additions and technology upgrades amounting to € 16.7 million (additions to assets led to cash CAPEX of € 17.1 million) was offset by depreciation and amortisation totalling € 33.7 million. Furthermore, exchange rate effects increased fixed assets by € 7 million. The decline in inventories from € 136.1 million to € 115.6 million results from the implementation of IFRS 15. The increase in receivables includes the offsetting item recognising contract assets. Regarding the detailed impact of initial recognition of IFRS 15, please refer to the notes of this interim report.

Cash and cash equivalents were maintained stable at € 263.4 million (31 March 2018: € 270.7 million). In addition to cash and cash equivalents, AT&S has financial assets of € 64.7 million and unused credit lines of € 195.0 million as a financial reserve.

Equity increased by € 32.2 million or 4.5% from € 711.4 million to € 743.6 million. The increase was due to the profit for the period of € 13.5 million and positive currency effects of € 8.8 million, which resulted from the translation of net asset positions of subsidiaries. The application of new reporting standards (IFRS 9 and IFRS 15) had an additional positive impact of € 10.4 million on equity. Based on this increase, the equity ratio, at 47.9%, was 1.4 percentage points higher than at 31 March 2018.

Net debt rose slightly by € 4.9 million or 2.3% from € 209.2 million to € 214.1 million.

Cash flow from operating activities amounted to € 4.6 million in the first three months of 2018/19 (previous year: € -49.3 million). Cash inflows were offset by cash outflows for net investments of € 17.1 million (previous year: € 69.7 million), resulting in a significant improvement in free cash flow from operations over the previous year of € -12.5 million (previous year: € -119.0 million).

The net gearing ratio, at 28.8%, is significantly lower than at 31 March 2018, at 29.4%. This minor decrease results from the increase in equity as explained above.



**BUSINESS DEVELOPMENT BY SEGMENTS** The AT&S Group breaks its operating activities down into three segments: Mobile Devices & Substrates (MS), Automotive, Industrial, Medical (AIM), and Others (OT). For further information on the segments and segment reporting please refer to the Annual Report 2017/18.

The share of the Mobile Devices & Substrates segment in total external revenue rose from 56.9% to 62.0%. The share of the Automotive, Industrial, Medical segment declined to 37.5% (previous year: 42.6%). The significance of the Others segment remained constantly at 0.5%.

**MOBILE DEVICES & SUBSTRATES SEGMENT** Demand for high-end printed circuit boards for mobile devices developed in line with the seasonality typical of the industry in the first three months of the financial year. During this period, the segment benefitted from significantly higher revenue from the plants in Chongqing, which were still partially in the start-up phase in the comparative period of the previous year. This positive development was supported by the expansion of the product portfolio of IC substrates to include premium technology applications and generally very strong demand for IC substrates. Accordingly, the segment's revenue increased by € 22.8 million or 16.6%, from € 137.3 million to € 160.2 million.

#### Mobile Devices & Substrates segment – overview

€ in millions (unless otherwise stated)

|   | Q1 2018/19 | Q1 2017/18 | Change in % |
|---|------------|------------|-------------|
| Segment revenue   | 160.2      | 137.3      | 16.6%       |
| Revenue from external customers   | 137.8      | 113.6      | 21.3%       |
| Operating result before interest, tax, depreciation and amortisation (EBITDA) | 39.3       | 20.9       | 88.0%       |
| EBITDA margin (%)   | 24.5%      | 15.2%      |             |
| Operating result (EBIT)   | 10.4       | (7.8)      | >100%       |
| EBIT margin (%)   | 6.5%       | (5.6%)     |             |
| Additions to property, plant and equipment and intangible assets              | 9.9        | 39.2       | (74.8%)     |
| Employees (incl. leased personnel), average                                   | 6,731      | 7,054      | (4.6%)      |

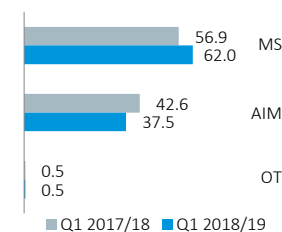
EBITDA improved by € 18.4 million or 88.0% from € 20.9 million to € 39.3 million. The significant improvement in earnings is primarily attributable to the plants in Chongqing, which were still partially in the start-up phase with the corresponding negative contributions to earnings in the previous year. In addition to the absence of this effect, earnings in the current period also result from the measures to improve efficiency and productivity, which were successfully implemented at the Chinese sites in the past quarters. The result was supported by valuation effects and the expansion of the product portfolio of IC substrates to include premium technology applications. A negative impact was caused by the US dollar, which weakened compared with the same period of the previous year. This impact was only partially compensated by a slightly weaker Chinese yuan renminbi.

Overall, this resulted in an EBITDA margin of 24.5%, which significantly exceeds the prior-year value of 15.2%.

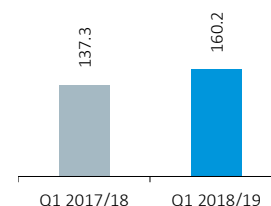
The segment's depreciation and amortisation rose by € 0.2 million or 0.9% from € 28.7 million to € 28.9 million.

EBIT amounted to € 10.4 million, up € 18.2 million on the prior-year value of € -7.8 million. The resulting EBIT margin was 6.5% (previous year: -5.6%).

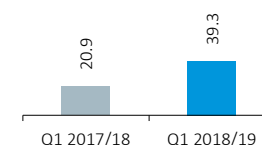
Revenue from external customers by segment in %



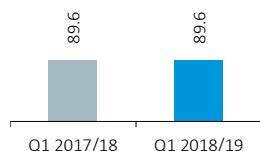
Mobile Devices & Substrates Development of revenue € in millions



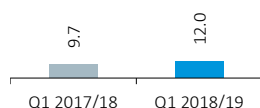
Mobile Devices & Substrates EBITDA Development € in millions



Automotive, Industrial,  
Medical  
Development of revenue  
€ in millions



Automotive, Industrial,  
Medical  
EBITDA Development  
€ in millions



The additions to assets were related to technology upgrades at the sites in Shanghai and Chongqing. The decrease in the number of employees by 323 persons is attributable to seasonal optimisation measures.

**AUTOMOTIVE, INDUSTRIAL, MEDICAL SEGMENT** The segment's revenue, at € 89.6 million, remained at the level of the previous year. Strong demand was recorded in the Medical & Healthcare sector, among other areas, in the first quarter.

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

€ in millions (unless otherwise stated)

|   | Q1 2018/19 | Q1 2017/18 | Change in % |
|---|------------|------------|-------------|
| Segment revenue   | 89.6       | 89.6       | 0.0%        |
| Revenue from external customers   | 83.3       | 85.0       | (2.0%)      |
| Operating result before interest, tax, depreciation and amortisation (EBITDA) | 12.0       | 9.7        | 23.1%       |
| EBITDA margin (%)   | 13.4%      | 10.9%      |             |
| Operating result (EBIT)   | 7.6        | 5.7        | 33.4%       |
| EBIT margin (%)   | 8.4%       | 6.3%       |             |
| Additions to property, plant and equipment and intangible assets              | 6.3        | 3.6        | 76.5%       |
| Employees (incl. leased personnel), average                                   | 2,699      | 2,689      | 0.4%        |

At € 12.0 million, the segment's EBITDA exceeded the prior-year level. The contribution to earnings from a better product mix and positive currency effects compensated for a slight decline in volume.

Due to these effects, the EBITDA margin rose by 2.5 percentage points from 10.9% to 13.4%.

The segment's depreciation and amortisation rose by € 0.3 million or 9.0% from € 4.1 million to € 4.4 million. EBIT increased by € 1.9 million or 33.4% from € 5.7 million to € 7.6 million.

Additions to assets, at € 6.3 million, exceeded the prior-year value of € 3.6 million. The increase resulted from investments in capacity expansions at the Nanjangud site.

**OTHERS SEGMENT** The Others segment is primarily characterised by trading and holding activities. Due to positive one-off effects, the earnings of the general holding activities included in the Others segment were higher than in the previous year, which was affected by negative one-off effects.

The embedding activities of the Advanced Packaging business unit, which are included in the Others segment, recorded a decline in revenue by € 1.6 million or -62.1% compared with the previous year to € 1.0 million (previous year: € 2.6 million). As the embedding business is increasingly overlapping with the business of the Mobile Devices & Substrates and Automotive, Industrial, Medical segments, the project business is no longer shown as a separate business unit, but rather as a subsegment of the general holding activities.

#### Others segment – overview

€ in millions (unless otherwise stated)

|  | Q1 2018/19 | Q1 2017/18 | Change<br>in % |
|--|------------|------------|----------------|
| Segment revenue  | 1.0        | 2.6        | (62.1%)        |
| Revenue from external customers  | 1.0        | 1.0        | (2.9%)         |
| Operating result before interest, tax, depreciation<br>and amortisation (EBITDA) | 0.7        | (1.0)      | >100%          |
| EBITDA margin (%)  | 72.8%      | (37.8%)    |                |
| Operating result (EBIT)  | 0.4        | (1.3)      | >100%          |
| EBIT margin (%)  | 39.3%      | (50.7%)    |                |
| Additions to property, plant and equipment and intangible assets                 | 0.5        | 1.1        | (55.6%)        |
| Employees (incl. leased personnel), average                                      | 168        | 159        | 6.0%           |

**SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING PERIOD** On 19 July 2018, a promissory note loan transaction of an aggregate volume of € 292.5 million was completed very successfully. The initially targeted issue volume of € 150 million, which was to secure early refinancing of the tranche of the 2014 promissory note loan due in February 2019, was increased to € 292.5 million due to strong demand. The additional funds serve to further optimise financial liabilities and to support the medium-term strategy.

The promissory note loan consists of tranches with terms of five, seven and ten years carrying fixed and variable interest rates in euros. After optimising the financial liabilities and the repayment of the promissory note loan of the year 2014, this should result in a higher average remaining term and a significantly lower interest burden due to the average interest rate of 1.18%.

**SIGNIFICANT RISKS, UNCERTAINTIES AND OPPORTUNITIES** In the Group Management Report of the consolidated financial statements 2017/18 the relevant risk categories are explained in detail under section 6 “Risk and opportunities management”, which still apply at the reporting date. As described in this chapter, incorrect assessments of technological developments, changes in demand and negative price developments can have severe adverse effects on the intrinsic value of investments.

**OUTLOOK** Based on a stable market and macroeconomic environment and stable exchange rates throughout the year, the management confirms revenue growth of up to 6% and an EBITDA margin in the range of 20-23% for the financial year 2018/19. Due to the good development in the first quarter, at this stage AT&S expects to achieve the upper end of the indicated range.

Leoben-Hinterberg, 30 July 2018

Management Board

Andreas Gerstenmayer m.p.

Monika Stoisser-Göhring m.p.

Heinz Moitzi m.p.

# Interim Financial Report (IFRS)

## Consolidated Statement of Profit or Loss

| € in thousands  | 01 Apr - 30 Jun 2018 | 01 Apr - 30 Jun 2017 |
|---|----------------------|----------------------|
| Revenue   | 222,081              | 199,636              |
| Cost of sales   | (193,676)            | (185,985)            |
| <b>Gross profit</b>   | <b>28,405</b>        | <b>13,651</b>        |
| Distribution costs  | (7,727)              | (8,342)              |
| General and administrative costs  | (8,023)              | (9,336)              |
| Other operating income  | 6,162                | 1,185                |
| Other operating costs   | (494)                | (566)                |
| Other operating result  | 5,668                | 619                  |
| <b>Operating result</b>   | <b>18,323</b>        | <b>(3,408)</b>       |
| Finance income  | 5,620                | 2,165                |
| Finance costs   | (3,917)              | (4,382)              |
| <b>Finance costs – net</b>  | <b>1,703</b>         | <b>(2,217)</b>       |
| <b>Profit/(loss) before tax</b>   | <b>20,026</b>        | <b>(5,625)</b>       |
| Income taxes  | (6,477)              | (5,604)              |
| <b>Profit/(loss) for the period</b>   | <b>13,549</b>        | <b>(11,229)</b>      |
| Attributable to owners of hybrid capital  | 2,072                | –                    |
| Attributable to owners of the parent company  | 11,477               | (11,229)             |
| Earnings per share attributable to equity holders of the parent company (in € per share): |                      |                      |
| – basic   | 0.30                 | (0.29)               |
| – diluted   | 0.30                 | (0.29)               |
| Weighted average number of shares outstanding – basic (in thousands)                      | 38,850               | 38,850               |
| Weighted average number of shares outstanding – diluted (in thousands)                    | 38,850               | 38,850               |

## Consolidated Statement of Comprehensive Income

| € in thousands   | 01 Apr - 30 Jun 2018 | 01 Apr - 30 Jun 2017 |
|--|----------------------|----------------------|
| <b>Profit/(loss) for the period</b>  | <b>13,549</b>        | <b>(11,229)</b>      |
| Items to be reclassified:  |                      |                      |
| Currency translation differences   | 8,769                | (43,637)             |
| Gains/(losses) from the fair value measurement of financial assets, net of tax                   | –                    | 15                   |
| (Losses) from the fair value measurement of hedging instruments for cash flow hedges, net of tax | (498)                | –                    |
| <b>Other comprehensive income for the period</b>   | <b>8,271</b>         | <b>(43,622)</b>      |
| <b>Total comprehensive income for the period</b>   | <b>21,820</b>        | <b>(54,851)</b>      |
| Attributable to owners of hybrid capital   | 2,072                | –                    |
| Attributable to owners of the parent company   | 19,748               | (54,851)             |

# Consolidated Statement of Financial Position

| € in thousands   | 30 Jun 2018      | 31 Mar 2018      |
|--|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |
| Property, plant and equipment                              | 759,280          | 766,378          |
| Intangible assets  | 71,986           | 75,856           |
| Financial assets   | 193              | 284              |
| Deferred tax assets  | 43,863           | 45,530           |
| Other non-current assets                                   | 52,661           | 56,219           |
| <b>Non-current assets</b>                                  | <b>927,983</b>   | <b>944,267</b>   |
| Inventories  | 115,560          | 136,097          |
| Trade and other receivables                                | 179,385          | 118,650          |
| Financial assets   | 64,669           | 59,635           |
| Current income tax receivables                             | 905              | 1,061            |
| Cash and cash equivalents                                  | 263,439          | 270,729          |
| <b>Current assets</b>                                      | <b>623,958</b>   | <b>586,172</b>   |
| <b>Total assets</b>  | <b>1,551,941</b> | <b>1,530,439</b> |
| <b>EQUITY</b>  |                  |                  |
| Share capital  | 141,846          | 141,846          |
| Other reserves   | 35,776           | 27,505           |
| Hybrid capital   | 172,887          | 172,887          |
| Retained earnings  | 393,095          | 369,153          |
| <b>Equity attributable to owners of the parent company</b> | <b>743,604</b>   | <b>711,391</b>   |
| <b>Total equity</b>  | <b>743,604</b>   | <b>711,391</b>   |
| <b>LIABILITIES</b>   |                  |                  |
| Financial liabilities                                      | 460,666          | 458,359          |
| Provisions for employee benefits                           | 37,692           | 37,322           |
| Deferred tax liabilities                                   | 5,331            | 5,069            |
| Other liabilities  | 16,738           | 14,526           |
| <b>Non-current liabilities</b>                             | <b>520,427</b>   | <b>515,276</b>   |
| Trade and other payables                                   | 184,765          | 199,880          |
| Financial liabilities                                      | 81,711           | 81,525           |
| Current income tax payables                                | 16,137           | 16,425           |
| Other provisions   | 5,297            | 5,942            |
| <b>Current liabilities</b>                                 | <b>287,910</b>   | <b>303,772</b>   |
| <b>Total liabilities</b>                                   | <b>808,337</b>   | <b>819,048</b>   |
| <b>Total equity and liabilities</b>                        | <b>1,551,941</b> | <b>1,530,439</b> |



# Consolidated Statement of Cash Flows

€ in thousands

01 Apr - 30 Jun 2018 01 Apr - 30 Jun 2017

|  |                 |                  |
|--|-----------------|------------------|
| <b>Operating result</b>  | <b>18,323</b>   | <b>(3,408)</b>   |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets | 33,673          | 33,059           |
| Gains/losses from the sale of fixed assets   | 22              | (25)             |
| Changes in non-current provisions  | 289             | 852              |
| Non-cash expense/(income), net   | (4,968)         | (808)            |
| Interest paid  | (2,454)         | (3,445)          |
| Interest received  | 702             | 66               |
| Income taxes paid  | (7,160)         | (8,771)          |
| <b>Cash flow from operating activities before changes in working capital</b>                     | <b>38,427</b>   | <b>17,520</b>    |
| Inventories  | (12,246)        | (20,491)         |
| Trade and other receivables  | (5,507)         | (38,567)         |
| Trade and other payables   | (15,297)        | (11,593)         |
| Other provisions   | (792)           | 3,838            |
| <b>Cash flow from operating activities</b>   | <b>4,585</b>    | <b>(49,293)</b>  |
| Capital expenditure for property, plant and equipment and intangible assets                      | (17,107)        | (69,696)         |
| Proceeds from the sale of property, plant and equipment and intangible assets                    | 25              | 8                |
| Capital expenditure for financial assets   | (11,154)        | (509)            |
| Proceeds from the sale of financial assets   | 6,622           | 3,231            |
| <b>Cash flow from investing activities</b>   | <b>(21,614)</b> | <b>(66,966)</b>  |
| Proceeds from borrowings   | –               | 2,026            |
| Repayments of borrowings   | (1,946)         | (28,565)         |
| Proceeds from government grants  | 3,176           | 1,457            |
| <b>Cash flow from financing activities</b>   | <b>1,230</b>    | <b>(25,082)</b>  |
| <b>Change in cash and cash equivalents</b>   | <b>(15,799)</b> | <b>(141,341)</b> |
| Cash and cash equivalents at beginning of the year   | 270,729         | 203,485          |
| Exchange gains/(losses) on cash and cash equivalents   | 8,509           | (6,264)          |
| <b>Cash and cash equivalents at end of the period</b>  | <b>263,439</b>  | <b>55,880</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 2017</b>  | <b>141,846</b> | <b>81,729</b>   | –              | <b>316,519</b>    | <b>540,094</b>                                      | –                         | <b>540,094</b>  |
| Loss for the period   | –              | –               | –              | (11,229)          | (11,229)  | –                         | (11,229)        |
| Other comprehensive income for the period                                     | –              | (43,622)        | –              | –                 | (43,622)  | –                         | (43,622)        |
| <i>thereof currency translation differences</i>                               | –              | (43,637)        | –              | –                 | (43,637)  | –                         | (43,637)        |
| <i>thereof change in financial assets, net of tax</i>                         | –              | 15              | –              | –                 | 15  | –                         | 15              |
| <b>Total comprehensive income for the period</b>                              | –              | <b>(43,622)</b> | –              | <b>(11,229)</b>   | <b>(54,851)</b>                                     | –                         | <b>(54,851)</b> |
| <b>30 Jun 2017</b>  | <b>141,846</b> | <b>38,107</b>   | –              | <b>305,290</b>    | <b>485,243</b>                                      | –                         | <b>485,243</b>  |
| <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>  |
| Adjustments IFRS 15, IFRS 9   | –              | –               | –              | 10,393            | 10,393  | –                         | 10,393          |
| <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 period   | –              | –               | –              | 13,549            | 13,549  | –                         | 13,549          |
| Other comprehensive income for the period                                     | –              | 8,271           | –              | –                 | 8,271   | –                         | 8,271           |
| <i>thereof currency translation differences</i>                               | –              | 8,769           | –              | –                 | 8,769   | –                         | 8,769           |
| <i>thereof change in hedging instruments for cash flow hedges, net of tax</i> | –              | (498)           | –              | –                 | (498)   | –                         | (498)           |
| <b>Total comprehensive income for the period</b>                              | –              | <b>8,271</b>    | –              | <b>13,549</b>     | <b>21,820</b>                                       | –                         | <b>21,820</b>   |
| <b>30 Jun 2018</b>  | <b>141,846</b> | <b>35,776</b>   | <b>172,887</b> | <b>393,095</b>    | <b>743,604</b>                                      | –                         | <b>743,604</b>  |

# Segment Reporting

| € in thousands  | Mobile Devices & Substrates |                      | Automotive, Industrial, Medical |                      | Others               |                      | Elimination/ Consolidation |                      | Group                |                      |
|---|-----------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|----------------------|
|   | 01 Apr - 30 Jun 2018        | 01 Apr - 30 Jun 2017 | 01 Apr - 30 Jun 2018            | 01 Apr - 30 Jun 2017 | 01 Apr - 30 Jun 2018 | 01 Apr - 30 Jun 2017 | 01 Apr - 30 Jun 2018       | 01 Apr - 30 Jun 2017 | 01 Apr - 30 Jun 2018 | 01 Apr - 30 Jun 2017 |
| Segment revenue   | 160,169                     | 137,322              | 89,621                          | 89,598               | 995                  | 2,625                | (28,704)                   | (29,909)             | 222,081              | 199,636              |
| Internal revenue  | (22,381)                    | (23,728)             | (6,323)                         | (4,581)              | –                    | (1,600)              | 28,704                     | 29,909               | –                    | –                    |
| External revenue  | 137,788                     | 113,594              | 83,298                          | 85,017               | 995                  | 1,025                | –                          | –                    | 222,081              | 199,636              |
| <b>Operating result before depreciation/amortisation</b>          | <b>39,288</b>               | <b>20,900</b>        | <b>11,984</b>                   | <b>9,726</b>         | <b>724</b>           | <b>(993)</b>         | <b>–</b>                   | <b>18</b>            | <b>51,996</b>        | <b>29,651</b>        |
| Depreciation/amortisation incl. appreciation                      | (28,905)                    | (28,653)             | (4,434)                         | (4,068)              | (333)                | (338)                | –                          | –                    | (33,673)             | (33,059)             |
| <b>Operating result</b>   | <b>10,383</b>               | <b>(7,753)</b>       | <b>7,549</b>                    | <b>5,658</b>         | <b>391</b>           | <b>(1,331)</b>       | <b>–</b>                   | <b>18</b>            | <b>18,323</b>        | <b>(3,408)</b>       |
| Finance costs - net   |                             |                      |                                 |                      |                      |                      |                            |                      | 1,703                | (2,217)              |
| <b>Profit/(loss) before tax</b>                                   |                             |                      |                                 |                      |                      |                      |                            |                      | <b>20,026</b>        | <b>(5,625)</b>       |
| Income taxes  |                             |                      |                                 |                      |                      |                      |                            |                      | (6,477)              | (5,604)              |
| <b>Profit/(loss) for the period</b>                               |                             |                      |                                 |                      |                      |                      |                            |                      | <b>13,549</b>        | <b>(11,229)</b>      |
| Property, plant and equipment and intangible assets <sup>1)</sup> | 722,825                     | 736,115              | 105,044                         | 102,922              | 3,397                | 3,197                | –                          | –                    | 831,266              | 842,234              |
| Additions to property, plant and equipment and intangible assets  | 9,854                       | 39,168               | 6,303                           | 3,569                | 508                  | 1,143                | –                          | –                    | 16,665               | 43,880               |

1) Previous year values as of 31 March 2017

## Information by geographic region

Revenues broken down by customer region, based on customer's headquarters:

| € in thousands           | 01 Apr - 30 Jun 2018 | 01 Apr - 30 Jun 2017 |
|--------------------------|----------------------|----------------------|
| Austria                  | 5,257                | 5,189                |
| Germany                  | 45,353               | 45,844               |
| Other European countries | 18,386               | 13,959               |
| China                    | 2,728                | 9,086                |
| Other Asian countries    | 14,071               | 15,343               |
| Americas                 | 136,286              | 110,215              |
| <b>Revenue</b>           | <b>222,081</b>       | <b>199,636</b>       |

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

| € in thousands   | 30 Jun 2018    | 31 Mar 2018    |
|--|----------------|----------------|
| Austria  | 66,237         | 66,435         |
| China  | 722,772        | 736,059        |
| Others   | 42,257         | 39,740         |
| <b>Property, plant and equipment and intangible assets</b> | <b>831,266</b> | <b>842,234</b> |

# Notes to the Interim Financial Report

## GENERAL INFORMATION

**ACCOUNTING AND MEASUREMENT POLICIES** The interim report for the three months ended 30 June 2018 has been prepared in accordance with the standards (IFRS and IAS) and interpretations (IFRIC and SIC) of the International Accounting Standards Board (IASB), taking IAS 34 into account, as adopted by the European Union. The accounting and measurement principles applied as at 31 March 2018 were applied without a change with the exception of the IFRS which are mandatorily effective as of 1 April 2018.

The interim consolidated financial statements do not include all the information contained in the annual consolidated financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2018.

The interim consolidated statements for the period ended 30 June 2018 are unaudited and have not been the subject of external audit review.

**SIGNIFICANT CHANGES IN ACCOUNTING POLICIES** IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” are mandatorily effective for reporting periods starting on or after 1 January 2018. Consequently, the AT&S Group must apply these two standards as of 1 April 2018.

**IFRS 9 “FINANCIAL INSTRUMENTS”** IFRS 9 provides for new principles for the classification and measurement of financial assets based on the cash flow characteristics and the business model used to control them. Regarding impairments, a new model is introduced which is based on expected credit losses. In addition, the provisions for hedge accounting have been amended. The objective is to better reflect the risk management activities.

With the exception of the amendments to hedge accounting, IFRS 9 was applied retroactively. As permitted in accordance with IFRS 9, the figures of the comparative period were not adjusted, but the effects of the application of IFRS 9 were recognised by adjusting the opening values of the corresponding items in equity as at 1 April 2018.

IFRS 9 creates three measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification is based on the Group’s business model and the characteristics of the contractual cash flows. Investments in equity instruments are generally required to be measured at fair value through profit or loss. Here, only upon initial recognition does the irrevocable option exist of showing changes in the fair value in other comprehensive income.

The transition of the classification and measurement of financial instruments from IAS 39 to IFRS 9 is shown in the following table:

| Financial instruments<br>in thousands €    | Measurement  |   | Carrying amount       |               |                       |
|--|--|---|-----------------------|---------------|-----------------------|
|  | IAS 39   | IFRS 9  | 31 Mar 2018<br>IAS 39 | Remeasurement | 01 Apr 2018<br>IFRS 9 |
| Bonds                                      | Financial assets at fair value through profit or loss                                | Fair value through profit or loss                               | 775                   | –             | 775                   |
| Other investments                          | Available-for-sale financial assets at fair value through other comprehensive income | Fair value through other comprehensive income without recycling | 193                   | –             | 193                   |
| Loans and receivables                      | Held-to-maturity investments at amortised cost                                       | Amortised cost  | 58,860                | –             | 58,860                |
| Derivative financial instruments           | Derivatives at fair value through other comprehensive income                         | Fair value through other comprehensive income                   | 91                    | –             | 91                    |
| Trade receivables                          | Loans and receivables at amortised cost  | Amortised cost  | 65,473                | (214)         | 65,259                |
| Other receivables                          | Loans and receivables at amortised cost  | Amortised cost  | 704                   | –             | 704                   |
| Cash, cash equivalents and restricted cash | Loans and receivables at amortised cost  | Amortised cost  | 270,729               | –             | 270,729               |

Bonds were allocated to the category “fair value through profit or loss” in accordance with IAS 39 since they serve to generate short-term profits. Thus there is no change compared with IFRS 9.

Other investments are equity instruments which are generally measured at fair value through profit or loss according to IFRS 9. However, since the objective is to hold these instruments, the option of measurement at fair value through other comprehensive income according to IFRS 9 was used. Value changes will thus continue to be recorded in other comprehensive income.

Held-to-maturity financial investments primarily consist of deposits at notice and factored receivables against banks. These are allocated to the category “amortised cost” under IFRS 9.

Derivative financial instruments include interest rate swaps which meet the requirements of hedge accounting and value changes are therefore recorded at fair value through other comprehensive income. The Group uses the option to choose and will continue to apply the requirements of IAS 39 to existing derivative financial instruments.

Trade receivables are measured at amortised cost. They are now subject to the new impairment model in accordance with IFRS 9. This new model is based on expected losses. The Group uses the simplified model for trade receivables and for contract assets according to IFRS 15 and consequently calculates the impairment in the amount of the credit losses expected over the term. The credit loss is determined on the basis of an impairment table which is created based on a rating of the customers.

**IFRS 15 “REVENUE FROM CONTRACTS WITH CUSTOMERS”** IFRS 15 regulates the recognition of revenue and thus replaces previous standards. According to IFRS 15 revenue must be recognised when control of the agreed goods and services passes to the customer and the customer can obtain a benefit from them.



IFRS 15 includes new criteria for the recognition of revenue over a certain period of time. When products are created which are tailored specifically to the needs of the customer and consequently have no alternative use and the entity has an enforceable right to payment for performance completed to date including a margin, the customer obtains control over these products (IFRS 15.35 c). These criteria are met for some of the AT&S Group's customers so that revenue must be recognised over time in these cases. In the case of customers where these criteria are not met, revenue is recognised at a point of time when control has passed to the customer.

The Group first applied the new standard as of 1 April 2018. In accordance with IFRS 15, the changeover is based on the modified retrospective method by recognising the accumulated remeasurement amounts from the initial application at 1 April 2018. An adjustment of the figures of the comparative period is therefore not necessary.

The following table shows the effects of the first application of IFRS 15 "Revenue from Contracts with Customers" on the opening statement of financial position at 1 April 2018:

| in thousands €              | 1 Apr 2018                |               |                          |
|-----------------------------|---------------------------|---------------|--------------------------|
|                             | Before IFRS 15 Adjustment | Remeasurement | After IFRS 15 Adjustment |
| <b>ASSETS</b>               |                           |               |                          |
| Inventories                 | 136,097                   | (35,304)      | 100,793                  |
| Trade and other receivables | 118,650                   | 48,702        | 167,352                  |
| Deferred Tax                | 45,530                    | (2,754)       | 42,776                   |
| <b>EQUITY</b>               |                           |               |                          |
| Retained Earnings           | 369,153                   | 10,644        | 379,797                  |

Contract assets amounting to € 48.7 million resulting from revenue recognition over time are shown in the item "Trade and other receivables" of the statement of financial position. In relation to this € 48.7 million, a write-down of € 0.1 million has been included in retained earnings in accordance with IFRS 9.

The following tables show the effect on the interim financial statements as at 30 June 2018:

| in thousands €              | 30 Jun 2018               |               |                          |
|-----------------------------|---------------------------|---------------|--------------------------|
|                             | Before IFRS 15 Adjustment | Remeasurement | After IFRS 15 Adjustment |
| <b>ASSETS</b>               |                           |               |                          |
| Inventories                 | 153,607                   | (38,047)      | 115,560                  |
| Trade and other receivables | 125,453                   | 53,931        | 179,384                  |
| Deferred Tax                | 46,976                    | (3,113)       | 43,863                   |
| <b>EQUITY</b>               |                           |               |                          |
| Retained Earnings           | 380,323                   | 12,771        | 393,094                  |

| in thousands €                      | 1 Apr - 30 Jun 2018          |               |                             |
|-------------------------------------|------------------------------|---------------|-----------------------------|
|                                     | Before IFRS 15<br>Adjustment | Remeasurement | After IFRS 15<br>Adjustment |
| Revenue                             | 217,054                      | 5,027         | 222,081                     |
| Costs of sales                      | (191,082)                    | (2,594)       | (193,676)                   |
| <b>Gross profit</b>                 | <b>25,972</b>                | <b>2,433</b>  | <b>28,405</b>               |
| Operating result                    | 15,890                       | 2,433         | 18,323                      |
| Profit/(loss) before tax            | 17,593                       | 2,433         | 20,026                      |
| <b>Profit/(loss) for the period</b> | <b>11,466</b>                | <b>2,083</b>  | <b>13,549</b>               |

## NOTES TO THE STATEMENT OF PROFIT OR LOSS

**REVENUE** Group revenue in the first three months of the current financial year increased by 11.2% from € 199.6 million in the same period last year to € 222.1 million.

**GROSS PROFIT** The current gross profit of € 28.4 million was 186,6% higher than the € 13.7 million achieved in the same period last year. The reasons for the increase are significant result improvements at the new plants in Chongqing. In the previous year, both plants were still in the start-up phase with negative result contributions.

**OPERATING RESULT** On the basis of the increased gross profit the consolidated operating result of AT&S increased to € 18.3 million or 8.3% of revenue. Lower administrative and selling expenses had a positive effect on the operating result, which was caused in the previous year by negative one-off effect. The other operating result was positively influenced, above all, by exchange rate effects.

**FINANCE COSTS – NET** The finance costs of € 3.9 million were below the prior-year level due to lower foreign exchange losses and lower interest expenses. Financial income was € 5.6 million and basically resulted from the investment of free cash and foreign exchange gains. As a consequence, net finance costs increased by € 3.9 million in comparison to the same period of the previous year and amounted to € 1.7 million.

**INCOME TAXES** The effective tax rate was mainly affected by the regaining of the reduced tax rate of 15% at AT&S (China) Company Limited.

**SEASONALITY** Due to the great importance of mobile devices, the revenue of AT&S usually shows the following seasonal development: the first quarter of the financial year is usually weaker than the second and third quarters, which are typically characterised by very high demand in preparation for the launches of the latest product generation. In the fourth quarter, customer demand is generally lower. This quarter is also characterised by the holiday shutdown due to the Chinese New Year's celebrations at our large Chinese plants.

## NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

**CURRENCY TRANSLATION DIFFERENCES** The positive deviation in the foreign currency translation reserves in the current financial year by € 8.8 million was the result of the change in the exchange rate of the Chinese yuan renminbi and the US-dollar against the Group's reporting currency, the euro.

|                       | Closing rate |             |             | Average rate            |                          |             |
|-----------------------|--------------|-------------|-------------|-------------------------|--------------------------|-------------|
|                       | 30 Jun 2018  | 31 Mar 2018 | Change in % | 01 Apr -<br>30 Jun 2018 | 01 Apr -<br>30 June 2017 | Change in % |
| Chinese yuan renminbi | 7.7019       | 7.7690      | (0.9%)      | 7.6513                  | 7.5824                   | 0.9%        |
| Hong Kong dollar      | 9.1333       | 9.6712      | (5.6%)      | 9.3553                  | 8.6108                   | 8.6%        |
| Indian rupee          | 79.7544      | 80.1981     | (0.6%)      | 79.6717                 | 71.4333                  | 11.5%       |
| Japanese yen          | 128.7600     | 131.3000    | (1.9%)      | 129.7150                | 123.3275                 | 5.2%        |
| South Korean won      | 1,295.3276   | 1,310.1405  | (1.1%)      | 1,288.4386              | 1,249.0950               | 3.1%        |
| Taiwan dollar         | 35.4411      | 35.9455     | (1.4%)      | 35.5377                 | 33.4846                  | 6.1%        |
| US dollar             | 1.1641       | 1.2323      | (5.5%)      | 1.1922                  | 1.1059                   | 7.8%        |

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

**ASSETS AND FINANCES** Net debt, at € 214.1 million, increased slightly versus the € 209.2 million outstanding at 31 March 2018. In contrast to this, the net working capital of € 72.4 million as at 31 March 2018 rose to € 127.3 million mainly due to increased receivables. The increase mainly resulted from the initial application of IFRS 15 and the resulting change was recognized under the balance sheet item "contract assets". The net gearing ratio, at 28.8%, was below the 29.4% at 31 March 2018.

## VALUATION HIERARCHIES FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Three valuation hierarchies have to be distinguished in the valuation of financial instruments measured at fair value.

- Level 1: fair values are determined on the basis of publicly quoted prices in active markets for identical financial instruments.
- Level 2: if no publicly quoted prices in active markets exist, then fair values are determined on the basis of valuation methods based to the greatest possible extent on market prices.
- Level 3: in this case, the models used to determine fair value are based on inputs not observable in the market.

The financial instruments valued at fair value at the end of the reporting period at the three valuation levels were as follows:

| € in thousands<br>30 Jun 2018   | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|
| Financial assets  |         |         |         |       |
| Financial assets at fair value through profit or loss:                              |         |         |         |       |
| – Bonds   | 797     | –       | –       | 797   |
| Financial assets at fair value through other comprehensive income without recycling | –       | 193     | –       | 193   |
| Financial liabilities   |         |         |         |       |
| Derivative financial instruments  | –       | 2,181   | –       | 2,181 |

| € in thousands   |         |         |         |       |
|--|---------|---------|---------|-------|
| 31 Mar 2018  | Level 1 | Level 2 | Level 3 | Total |
| <b>Financial assets</b>                                |         |         |         |       |
| Financial assets at fair value through profit or loss: |         |         |         |       |
| – Bonds  | 775     | –       | –       | 775   |
| – Derivative financial instruments                     | –       | 91      | –       | 91    |
| Available-for-sale financial assets                    | –       | 193     | –       | 193   |
| <b>Financial liabilities</b>                           |         |         |         |       |
| Derivative financial instruments                       | –       | 1,770   | –       | 1,770 |

Export loans, government loans and other bank borrowings amounting to € 540.2 million (31 March 2018: € 538.1 million) are measured at amortised cost. The fair value of these liabilities was € 543.9 million (31 March 2018: € 541.7 million).

**OTHER FINANCIAL COMMITMENTS** At 30 June 2018 the Group had other financial commitments amounting to € 35.5 million in connection with contractually binding investment commitments. This relates to investments in the Shanghai, Chongqing, Nanjangud and Leoben plants. As at 31 March 2018 other financial commitments stood at € 19.9 million.

**EQUITY** Consolidated equity increased due to the consolidated profit for the period of € 13.5 million, positive impacts from currency translation differences of € 8.8 million and the effect from IFRS 9 and IFRS 15 adjustments in the amount of € 10.4 million from € 711.4 million at 31 March 2018 to € 743.6 million.

At the 20<sup>th</sup> Annual General Meeting on 3 July 2014 the Management Board was authorised until 2 July 2019 to increase the share capital of the Company, 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 more tranches, including issue by means of an indirect share offering via banks in accordance with section 153 para 6 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, issue price, nature of contributions in kind, rights related to shares, exclusion of subscription rights, etc.) (authorised capital). The Supervisory Board was authorised to approve changes in the Articles of Association required by the issue of shares out of authorised capital. The Annual General Meeting approved a resolution amending Section 4 (Nominal Capital) of the Articles of Association to reflect this change.

In addition, at the 20<sup>th</sup> Annual General Meeting of 3 July 2014 the resolution of the Annual General Meeting of 7 July 2010 authorising the issue of convertible bonds was rescinded and at the same time the Management Board was authorised until 2 July 2019, subject to the approval of the Supervisory Board, to issue convertible bearer bonds up to a maximum nominal value of € 150,000,000 in one or more tranches, and to grant the holders of the convertible bond subscription and/or conversion rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the terms and conditions of the convertible bond to be determined by the Management Board. For this purpose, in accordance with section 159 para 2 item 1 AktG, the share capital of the Company was also conditionally increased by up to € 21,367,500 in the form of up to 19,425,000 new no-par value bearer shares. This capital increase will only take place to the extent that holders of convertible bonds exercise their conversion or subscription rights in accordance with the resolution of the Annual General Meeting of 3 July 2014. The Management Board was also authorised, subject to the approval of the Supervisory Board, to determine further details of the conditional capital increase (in particular, the amount of the issue and the rights related to shares).

With respect to the authorised share capital increase and/or the conditional capital increase, the following restrictions on the amounts of the increases are to be observed, as required under the resolutions passed at the 20<sup>th</sup> Annual General Meeting of 3 July 2014: The total of (i) the number of new shares actually issued or potentially issuable out of conditional capital under the terms and conditions of the convertible bonds, and (ii) the number of shares issued out of authorised capital may not exceed 19,425,000 (definition of amount of authorisations).

**TREASURY SHARES** At the 23<sup>rd</sup> Annual General Meeting of 6 July 2017 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 at a lowest price that may be no more than 30% lower than the average unweighted closing price of the previous 10 trading days and at a highest price per share of a maximum of up to 30% above the average unweighted closing price of the previous 10 trading days. The Management Board was also authorised to withdraw repurchased treasury shares as well as treasury shares already held by the Company without any further resolution of the Annual General Meeting. The Management Board was also again authorised – for a period of five years (i.e., until 5 July 2022), upon approval of the Supervisory Board – to sell or use the repurchased treasury shares or treasury shares already held by the Company 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, or for any other legally permissible purpose.

As at 30 June 2018, the Group held no treasury shares.

**NOTES TO THE STATEMENT OF CASH FLOWS** Cash flow from operating activities amounted to € 4.6 million compared with € -49.3 million in the same period last year. The increase is mainly due to the significantly increased consolidated operating result.

Cash flow from investing activities amounts to € -21.6 million and thus falls below the level of € -67.0 million reached in the same period last year. Thereof capital expenditure for property, plant and equipment and intangible assets accounts for € 17.1 million. This year's capital expenditures are predominantly in the new plants in Nanjangud and technology upgrades in the other plants. Capital expenditure for financial assets amounts to € 11.2 million, and proceeds from the sale of financial assets amount to € 6.6 million for investment and reinvestments of liquid funds. At 30 June 2018, payables for capex amount to € 22.4 million, which will become payable in the coming period.

Cash flow from financing activities amounts to € 1.2 million and is mainly attributable to the issue of government grants.

The non-cash expense/income is as follows:

| € in thousands                        | 01 Apr - 30 Jun 2018 | 01 Apr - 30 Jun 2016 |
|---------------------------------------|----------------------|----------------------|
| Release of government grants          | (661)                | (794)                |
| Other non-cash expense/(income), net  | (4,307)              | (13)                 |
| <b>Non-cash expense/(income), net</b> | <b>(4,968)</b>       | <b>(808)</b>         |

## OTHER INFORMATION

**DIVIDENDS** The Annual General Meeting of 5 July 2018 resolved on a dividend payment of € 0.36 per share from the total balance-sheet profit as at 31 March 2018. The dividend distribution of € 13.9 million took place on 26 July 2018.



**RELATED PARTY TRANSACTIONS** In connection with various projects, the Group received consulting services from companies where Supervisory Board Chairman Mr. Androsch (AIC Androsch International Management Consulting GmbH) and Supervisory Board Deputy Chairman Mr. Dörflinger (Dörflinger Management & Beteiligungs GmbH) are managing directors with the power of sole representation. The fees charged are as follows:

| € in thousands  | 01 Apr - 30 Jun 2018 | 01 Apr - 30 Jun 2017 |
|---|----------------------|----------------------|
| AIC Androsch International Management Consulting GmbH | 91                   | 91                   |
| Frotz Riedl Rechtsanwälte                             | 1                    | –                    |
| <b>Total fees</b>                                     | <b>92</b>            | <b>91</b>            |

At the balance sheet date, there are no outstanding balances or obligations to the above mentioned legal and consulting companies.

Leoben-Hinterberg, 30 July 2018

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 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 three months of the financial year and their impact on the interim financial statements, of the principal risks and uncertainties for the remaining nine months of the financial year and of the major related party transactions to be disclosed.

Leoben-Hinterberg, 30 July 2018

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

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## PHOTOS/ILLUSTRATIONS

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