

INTERIM REPORT THIRD QUARTER
2022/23

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AT&S



HIGHLIGHTS Q1-3 2022/23

Q1-Q3 2022/23 – AT&S well prepared for challenging market environment

- Revenue increases by 30% to € 1,489 million in the first three quarters of 2022/23 (PY: € 1,147 million)
- Adjusted EBITDA at € 452 million, up 73% on the previous year
- Declining demand in the third quarter
- Ready for a challenging market environment
- Guidance for financial year 2022/23 adjusted

KEY FIGURES

	Unit	Q1-3 2021/22	Q1-3 2022/23	Change in %
Revenue	€ in millions	1,146.6	1,489.1	29.9%
EBITDA	€ in millions	243.7	416.2	70.8%
EBITDA adjusted ¹⁾	€ in millions	262.1	452.4	72.6%
EBITDA margin	%	21.3%	28.0%	–
EBITDA margin adjusted ¹⁾	%	22.9%	30.4%	–
EBIT	€ in millions	82.7	213.7	>100%
EBIT adjusted ¹⁾	€ in millions	110.3	251.2	>100%
EBIT margin	%	7.2%	14.3%	–
EBIT margin adjusted ¹⁾	%	9.6%	16.9%	–
Profit/(loss) for the period	€ in millions	61.6	221.4	>100%
Net CAPEX	€ in millions	436.3	803.5	84.2%
Operating free cash flow	€ in millions	(104.5)	(320.4)	–
Earnings per share	€	1.42	5.33	>100%
Employees ²⁾	–	12,821	15,376	19.9%

¹⁾ Adjustment start-up costs

²⁾ Incl. contract staff, average

ECONOMIC REPORT

BUSINESS DEVELOPMENT AND SITUATION

AT&S continued its growth course in the first three quarters of the financial year 2022/23. After the positive development in the first half of the year, market conditions deteriorated significantly in the third quarter. The major digitalisation and electrification trends remain intact. AT&S has initiated additional cost optimisation programmes in order to cushion the effects of short-term volatilities.

Driven by the good development in the first half-year, consolidated revenue improved by 29.9% to € 1,489.1 million, in the first three quarters of the financial year 2022/23 (previous year: € 1,146.6 million). Adjusted for currency effects, consolidated revenue rose by 16.5%. It should be noted that the increase was again supported by all segments in the nine-month period. The development was primarily driven by the additional capacity for ABF substrates in Chongqing, China. Furthermore, the strategy to broaden the application portfolio of mobile devices and to promote the module printed circuit board business continues to contribute to the company's success. The AIM (Automotive, Industrial, Medical) business unit maintained its positive revenue momentum. All three segments benefited from the dynamic market environment, with the Automotive segment recording the strongest percentage growth.

Exchange rate effects, especially related to the stronger US dollar, had a positive effect of € 152.9 million on the development of revenue.

EBITDA rose from € 243.7 million to € 416.2 million. The improvement in earnings is primarily attributable to the increase in consolidated revenue. Currency fluctuations of the US dollar and the Chinese renminbi had a positive effect of € 102.9 million on the earnings development. Lower demand in the third quarter, start-up costs in Chongqing, China, and Kulim, Malaysia, as well as Leoben, Austria, and higher material, transport and energy costs had a negative impact on earnings. Research and development expenditures were further increased to ensure that AT&S will remain a leading innovation driver going forward. This included expenditures of € 127.9 million during the reporting period (previous year: € 101.5 million) to prepare for future technologies and to pursue the modularisation strategy.

Adjusted for start-up costs, EBITDA amounted to € 452.4 million (previous year: € 262.1 million), which corresponds to an increase by 72.6%. Without currency effects, adjusted EBITDA would have grown by 33.2%.

The EBITDA margin amounted to 28.0%, thus exceeding the prior-year level of 21.3%. Adjusted for start-up costs, the EBITDA margin was 30.4% (previous year: 22.9%). Depreciation and amortisation rose by € 41.6 million to € 202.6 million due to additions to assets and technology upgrades. EBIT increased from € 82.7 million to € 213.7 million. The EBIT margin amounted to 14.3% (previous year: 7.2%).

Finance costs – net improved from € -11.0 million to € 37.1 million which is essentially due to the positive changes in currency effects (change: € +43.7 million).

Profit for the period rose by € 159.8 million from € 61.6 million to € 221.4 million, leading to an increase in earnings per share by € 3.91 from € 1.42 to € 5.33.

BUSINESS DEVELOPMENT BY SEGMENTS

The AT&S Group breaks its operating activities down into three segments: Mobile Devices & Substrates, Automotive, Industrial, Medical, and Others. For further information on the segments and segment reporting please refer to the Annual Report 2021/22.

Mobile Devices & Substrates segment

The segment's revenue increased by 33.6% from € 947.5 million to € 1,265.6 million. The successful start-up of the increased production capacity in Chongqing, which serves the growing demand for ABF substrates, made a significant contribution to revenue growth, in particular in the first half of the financial year. The broader application portfolio for mobile devices and the demand for module printed circuit boards also had a positive effect.

EBITDA improved from € 217.2 million to € 413.3 million, as a result of the increase in segment revenue. Overall, this resulted in an EBITDA margin of 32.7%, which exceeded the prior year value of 22.9%. EBIT increased by € 157.4 million, from € 80.7 million to € 238.1 million. The EBIT margin was 18.8% (previous year: 8.5%).

Automotive, Industrial, Medical segment

The segment's revenue, at € 393.2 million, was 19.1% higher than in the previous year (€ 330.1 million). All segments generated higher revenue in the first nine months than in the comparative period, with the Automotive segment reporting the sharpest increase. In both the Industrial and the Medical & Healthcare segments the year-on-year increase in revenue was primarily driven by a more favourable product mix.

However, the segment's EBITDA, at € 3.5 million, was € 31.5 million lower than in the previous year (€ 35.0 million). This negative development was mainly driven by higher material, transport and energy costs. It must, however, also be taken into account that start-up costs for the new R&D centre in Leoben and higher research expenditures to secure the position as an innovation driver burdened earnings. The EBITDA margin declined by 9.7 percentage points from 10.6% to 0.9%. EBIT decreased from € 13.9 million to € -19.2 million.

FINANCIAL POSITION

The financial position was characterised by an increase in non-current assets as of 31 December 2022. Total assets rose by 8.7% from € 3,746.3 million to € 4,073.3 million. Additions to assets and technology upgrades amounting to € 898.4 million were offset by depreciation and amortisation totalling € 202.6 million. The additions to assets led to cash CAPEX of € 906.5 million. In addition, exchange rate effects reduced fixed assets by € 89.6 million. Property plant and equipment reported in the consolidated statement of financial position as of 31 December 2022 also included right-of-use assets according to IFRS 16 of € 111.7 million. Correspondingly, financial liabilities include lease liabilities of € 93.8 million. Inventories increased from € 193.2 million to € 208.6 million. Cash and cash equivalents totalled € 685.6 million (31 March 2022: € 1,119.9 million). In addition, AT&S had unused credit lines of € 738.3 million to secure the financing of the future investment programme and short-term repayments.

Equity increased by 4.0% from € 1,252.3 million at 31 March 2022 to € 1,302.6 million. The increase is due in particular to the consolidated net profit of € 221.4 million. In addition the change in hedging instruments for cash flow hedges (€ 5.4 million) and the remeasurement of post-employment

obligations (€ 5.7 million) had a positive impact on equity. Negative currency effects of € 103.9 million (from the translation of net asset positions of subsidiaries), the dividend payout (€ 35.0 million), the repayment of the hybrid bond (€ 41.4 million) and the paid hybrid coupon (€ 2.0 million) reduced equity. The equity ratio declined by 1.4 percentage points to 32.0%, thus exceeding the minimum target of more than 30.0% despite the large-scale investment programme.

Net debt rose by € 414.9 million or 196.0% from € 211.6 million to € 626.5 million.

Cash flow from operating activities amounted to € 483.0 million in the first nine months of the current financial year (previous year: € 331.8 million) and includes cash inflows from customer prepayments of € 229.2 million (previous year: € 169.3 million). These cash inflows were offset by net investments of € 803.5 million (previous year: € 436.3 million), resulting in Operating free cash flow of € -320.4 million (previous year: € -104.5 million).

MEASURES IN A CHALLENGING MARKET ENVIRONMENT

AT&S has initiated comprehensive cost optimisation programmes in order to cushion the effects resulting from the current market environment. The programmes focus on increasing the requirements for the ongoing improvement measures and on intensifying and accelerating their implementation.

In addition, a differentiated approach to the investment programmes will be adopted depending to the expected demand. The construction activities at the new plants in Leoben and Kulim will be completed in the coming months. The cost-intensive implementation of the equipment can subsequently take place flexibly in line with market demand. The medium-term development will not be affected by this.

OUTLOOK

Depending on the market development, AT&S will continue to concentrate on the start-up of the new production capacities at plant III in Chongqing, push ahead the investment project in Kulim and the expansion of the site in Leoben and implement technology upgrades at other locations in the fourth quarter of the fiscal year 2022/23. In view of the highly

volatile environment, the ongoing investment projects will be reviewed at frequent intervals and adapted to the respective current situation if required.

The expectations for AT&S's segments are currently as follows: Despite the current fluctuations in demand, the market conditions for IC substrates continue to offer significant growth opportunities in the medium term. The 5G mobile communication standard as well as the module printed circuit board business will remain positive drivers in the area of Mobile Devices. In the Automotive segment, the semiconductor shortage should continue to ease and the growth trend should consequently intensify as the share of electronics per vehicle continues to increase. In the Industrial and Medical segments, AT&S expects a continued positive development for the current financial year.

Investment

As part of the strategic projects, the management is planning investments totalling up to € 1 billion for the financial year 2022/23 depending on the market environment and the progress of projects. Roughly € 150 million are budgeted for basic investments. Planned investments amounting to € 100 million of the investment budget for the financial year 2021/22 have been postponed to the financial year 2022/23. As a result, the planned investment volume totals up to € 1,250 million.

Guidance for the financial year 2022/23

After the good development in the first half of the year, AT&S expects the deterioration of the market environment in the third quarter, in particular in the market for IC substrates, to continue in the fourth quarter. Continued high inflation rates, rising interest rates, recession risks as well as geopolitical developments represent additional elements of uncertainty for the end markets. In this highly volatile environment, AT&S has adjusted its expectations for the financial year 2022/23 and now expects revenue of approximately € 1.8 billion (previously € 2.1 billion). Not including effects from the start-up of the new production capacities in Kulim, Leoben and Chongqing totalling approximately € 50 million (previously: € 75 million), the adjusted EBITDA margin is expected to amount to approximately 25% (previously: between 27 and 30%).

Outlook 2025/26

The progress of the production capacity expansion in Chongqing and in Kulim, as well as the expansion of the site in Leoben is still positive despite the challenging global economic and health situation. The management is convinced that the major trends – digitalisation and electrification – are intact. Therefore, AT&S assumes that revenue of approximately € 3.5 billion will be generated in the financial year 2025/26 and expects an EBITDA margin in the range from 27 to 32%.

Leoben-Hinterberg, 2 February 2023

The Management Board

Andreas Gerstenmayer m.p.

Petra Preining m.p.

Peter Schneider m.p.

Ingolf Schröder m.p.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

€ in thousands	1 Oct - 31 Dec 2022	1 Oct - 31 Dec 2021	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021
Revenue	419,099	448,988	1,489,137	1,146,568
Cost of sales	(335,698)	(360,915)	(1,173,254)	(973,690)
Gross profit	83,401	88,073	315,883	172,878
Distribution costs	(12,574)	(11,202)	(41,393)	(32,120)
General and administrative costs	(20,318)	(23,297)	(57,068)	(53,090)
Other operating income	7,340	12,378	36,063	26,323
Other operating costs	(25,492)	(13,676)	(39,819)	(31,318)
Other operating result	(18,152)	(1,298)	(3,756)	(4,995)
Operating result	32,357	52,276	213,666	82,673
Finance income	4,935	2,691	60,017	5,093
Finance costs	(34,034)	(5,875)	(22,950)	(16,121)
Finance income/costs – net	(29,099)	(3,184)	37,067	(11,028)
Profit before tax	3,258	49,092	250,733	71,645
Income taxes	(6,262)	(5,778)	(29,355)	(10,068)
Profit for the period	(3,004)	43,314	221,378	61,577
Attributable to owners of hybrid capital	4,707	2,095	14,467	6,263
Attributable to owners of the parent company	(7,711)	41,219	206,911	55,314
Earnings per share attributable to equity holders of the parent company (in € per share):				
– basic	(0.20)	1.06	5.33	1.42
– diluted	(0.20)	1.06	5.33	1.42
Weighted average number of shares outstanding – basic (in thousands)	38,850	38,850	38,850	38,850
Weighted average number of shares outstanding – diluted (in thousands)	38,850	38,850	38,850	38,850

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in thousands	1 Oct - 31 Dec 2022	1 Oct - 31 Dec 2021	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021
Profit for the period	(3,004)	43,314	221,378	61,577
Items to be reclassified:				
Currency translation differences, net of tax	(142,425)	69,576	(103,900)	113,621
Gains/(Losses) from the fair value measurement of hedging instruments for cash flow hedges, net of tax	317	1,058	5,376	(405)
Items not to be reclassified:				
Remeasurement of post-employment obligations, net of tax	–	–	5,731	(852)
Other comprehensive income for the period	(142,108)	70,634	(92,793)	112,364
Total comprehensive income for the period	(145,112)	113,948	128,585	173,941
Attributable to owners of hybrid capital	4,707	2,095	14,467	6,263
Attributable to owners of the parent company	(149,819)	111,853	114,118	167,678

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in thousands	31 Dec 2022	31 Mar 2022
ASSETS		
Property, plant and equipment	2,447,579	1,950,185
Intangible assets	26,444	31,807
Financial assets	16,893	4,580
Deferred tax assets	18,194	24,698
Other non-current assets	63,369	11,742
Non-current assets	2,572,479	2,023,012
Inventories	208,546	193,236
Trade and other receivables and contract assets	444,240	390,266
Financial assets	160,940	18,833
Current income tax receivables	1,491	1,056
Cash and cash equivalents	685,640	1,119,921
Current assets	1,500,857	1,723,312
Total assets	4,073,336	3,746,324
EQUITY		
Share capital	141,846	141,846
Other reserves	95,116	187,909
Hybrid capital	347,956	388,849
Retained earnings	717,636	533,689
Equity attributable to owners of the parent company	1,302,554	1,252,293
Total equity	1,302,554	1,252,293
LIABILITIES		
Financial liabilities	1,062,163	1,276,578
Contract liabilities	675,505	446,410
Provisions for employee benefits	47,757	55,232
Deferred tax liabilities	4,681	2,167
Other liabilities	71,012	69,604
Non-current liabilities	1,861,118	1,849,991
Trade and other payables	461,620	549,679
Financial liabilities	427,820	78,402
Current income tax payables	13,842	9,570
Other provisions	6,382	6,389
Current liabilities	909,664	644,040
Total liabilities	2,770,782	2,494,031
Total equity and liabilities	4,073,336	3,746,324

CONSOLIDATED STATEMENT OF CASH FLOWS

€ in thousands	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021
Operating result	213,666	82,673
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	202,564	161,004
Gains/losses from the disposal of fixed assets	2,159	497
Changes in non-current provisions	(7,103)	1,942
Changes in non-current contract liabilities	229,168	169,329
Non-cash expense/(income), net	(19,099)	19,397
Interest paid	(16,997)	(14,092)
Interest received	7,959	2,096
Income taxes paid	(19,671)	(4,457)
Cash flow from operating activities before changes in working capital	592,646	418,389
Inventories	(22,324)	(29,927)
Trade and other receivables and contract assets	(63,465)	(97,523)
Trade and other payables	(23,977)	40,732
Other provisions	164	122
Cash flow from operating activities	483,044	331,793
Capital expenditure for property, plant and equipment and intangible assets	(906,515)	(436,296)
Proceeds from the sale of property, plant and equipment and intangible assets	103,030	43
Capital expenditure for financial assets	(209,508)	(49,162)
Proceeds from the sale of financial assets	20,677	71,476
Cash flow from investing activities	(992,316)	(413,939)
Proceeds from borrowings	144,692	232,628
Repayments of borrowings	(51,777)	(62,014)
Repayments of hybrid capital	(41,393)	-
Proceeds from government grants	14,422	16,105
Dividends paid	(34,965)	(15,152)
Hybrid coupon paid	(1,966)	(8,313)
Cash flow from financing activities	29,013	163,254
Change in cash and cash equivalents	(480,259)	81,108
Cash and cash equivalents at beginning of the year	1,119,921	552,850
Exchange gains on cash and cash equivalents	45,978	10,330
Cash and cash equivalents at end of the period	685,640	644,288

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
31 Mar 2021	141,846	27,079	172,887	460,201	802,013	–	802,013
Profit for the period	–	–	–	61,577	61,577	–	61,577
Other comprehensive income for the period	–	112,364	–	–	112,364	–	112,364
<i>thereof currency translation differences, net of tax</i>	–	113,621	–	–	113,621	–	113,621
<i>thereof remeasurement of post-employment obligations, net of tax</i>	–	(852)	–	–	(852)	–	(852)
<i>thereof change in hedging instruments for cash flow hedges, net of tax</i>	–	(405)	–	–	(405)	–	(405)
Total comprehensive income for the period	–	112,364	–	61,577	173,941	–	173,941
Dividends paid relating to 2020/21	–	–	–	(15,152)	(15,152)	–	(15,152)
Repayment hybrid capital	–	–	–	–	–	–	–
Hybrid coupon paid	–	–	–	(8,313)	(8,313)	–	(8,313)
Tax effect hybrid coupon	–	–	–	–	–	–	–
31 Dec 2021	141,846	139,443	172,887	498,314	952,489	–	952,489
31 Mar 2022	141,846	187,909	388,849	533,689	1,252,293	–	1,252,293
Profit for the period	–	–	–	221,378	221,378	–	221,378
Other comprehensive income for the period	–	(92,793)	–	–	(92,793)	–	(92,793)
<i>thereof currency translation differences, net of tax</i>	–	(103,900)	–	–	(103,900)	–	(103,900)
<i>thereof remeasurement of post-employment obligations, net of tax</i>	–	5,731	–	–	5,731	–	5,731
<i>thereof change in hedging instruments for cash flow hedges, net of tax</i>	–	5,376	–	–	5,376	–	5,376
Total comprehensive income for the period	–	(92,793)	–	221,378	128,585	–	128,585
Dividends paid relating to 2021/22	–	–	–	(34,965)	(34,965)	–	(34,965)
Repayment hybrid capital	–	–	(40,893)	(500)	(41,393)	–	(41,393)
Hybrid coupon paid	–	–	–	(1,966)	(1,966)	–	(1,966)
31 Dec 2022	141,846	95,116	347,956	717,636	1,302,554	–	1,302,554

SEGMENT REPORTING

	Mobile Devices & Substrates		Automotive, Industrial, Medical		Others		Elimination/ Consolidation		Group	
€ in thousands	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021
Segment revenue	1,265,616	947,536	393,165	330,081	–	–	(169,644)	(131,049)	1,489,137	1,146,568
Internal revenue	(122,201)	(91,240)	(47,443)	(39,809)	–	–	169,644	131,049	–	–
External revenue	1,143,415	856,295	345,722	290,272	–	–	–	–	1,489,137	1,146,568
Operating result before depreciation/amortisation	413,309	217,168	3,467	34,969	(532)	(8,452)	–	–	416,244	243,685
Depreciation/amortisation incl. appreciation	(175,227)	(136,495)	(22,689)	(21,077)	(4,662)	(3,440)	–	–	(202,578)	(161,012)
Operating result	238,082	80,673	(19,222)	13,892	(5,194)	(11,892)	–	–	213,666	82,673
Finance costs - net									37,067	(11,028)
Profit before tax									250,733	71,645
Income taxes									(29,355)	(10,068)
Profit for the period									221,378	61,577
Property, plant and equipment and intangible assets ¹⁾	2,174,247	1,721,795	274,900	246,492	24,876	13,705	–	–	2,474,023	1,981,992
Additions to property, plant and equipment and intangible assets	727,223	421,777	146,356	46,325	24,829	5,054	–	–	898,408	473,156

¹⁾ Previous year values as of 31 March 2022

INFORMATION BY GEOGRAPHIC REGION

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

€ in thousands	1 Apr - 31 Dec 2022	1 Apr - 31 Dec 2021
Austria	20,100	16,279
Germany	142,499	116,024
Other European countries	75,547	68,691
China	4,477	6,896
Other Asian countries	73,895	66,360
Americas	1,172,619	872,318
Revenue	1,489,137	1,146,568

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

€ in thousands	31 Dec 2022	31 Mar 2022
Austria	227,081	186,579
China	1,829,779	1,646,725
Others	417,163	148,688
Property, plant and equipment and intangible assets	2,474,023	1,981,992

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