AT&S first choice for advanced applications

Conference Call FY 2015/16
Preliminary results for the Financial Year 2015/16

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Elke Koch (IR/PR)

May 10, 2016
8.30 am CET
Agenda

Market Update and Highlights Business Performance

Financials

Outlook
Market Update FY 2015/16

- Development in the customer segments in 2015
  - Smartphones remain the technological driver in the electronics industry: smartphone growth in 2015 with 10% - still largest and strongest segment in the global electronics industry
  - Computing applications - Tablets, Notebooks and Desktop – further declined by 9% in 2015, new growth is expected for server and storage computing in the frame of IoT applications
  - Consumer (Digital cameras, TVs, Smart watches, Fitness-Tracker, etc.) fell by 1.3%, since wearable applications did not make the “breakthrough” yet and digital cameras were substituted by smartphones
  - Value of Automotive electronic components declined by 8% FX based
  - Industrial electronics declined by 3.9%
  - Medical electronics remained stable

- Global PCB market declined by roughly 4% YoY – AT&S showed organic growth of 5.2%
  - Manufacturers in mid and low tech segment most affected
  - Main driver for decline: weak demand in computing segment and consumer segment
  - Communication and Computing still largest consumer in High-End PCB market
  - Required sqm for PCBs is declining due to increasing miniaturisation and higher integration
  - Forecasts show an average PCB market growth of 2% between 2015 and 2019

Sources: Prismark, 2014 and 2016, IDC, 2015
Highlights FY 2015/16

- AT&S again outperformed the market

- Strong operational performance, despite first impact of ramp costs of Chongqing, exceeding guidance

- Revenue up 14.4% to € 762.9m
  - organic growth of € 34.4m or 5.2%, FX impact of € 58.9m or 8.8%

- Operational performance on EBITDA/EBIT level adjusted for Chongqing effects were better than last fiscal
  - EBITDA of € 167.5m - on similar level than in FY 2014/15 (€ 167.6m) / EBITDA margin 22.0% vs. 25.1% in FY 2014/15
  - EBIT decrease by 14.6% to € 77.0m / EBIT margin down by 3.4 percentage points to 10.1% (FY 2014/15: 13.5%)

- Cash flows from operating activities of € 145.9m - on the same level than in FY 2014/15 (€ 145.0m)

- Net profit declined by 19.2% to € 56.0m – EPS reduced to € 1.44 (vs. FY 2014/15 € 1.78)
Highlights FY 2015/16

- **Chongqing project**
  - IC substrates project: start of serial production of first production line on February 23, 2016, ramp development satisfactory;
  - start of second production line by the end of calendar year 2016, currently under installation
  - Substrate like PCB project: start of serial production of first production line in second half of calendar year 2016;
  - equipment being moved in

- **Successful placement of Promissory Note Loans of € 221m and € 100m with average interest costs of 1.6%**

- **Revenue with ECP – Embedding Technology increased by 102.9%**
Revenue

Total revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile Devices &amp; Substrates</th>
<th>Automotive, Industrial, Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/16</td>
<td>40%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Split revenue 2015/16: Business Unit

Split revenue 2015/16: Customer Region

Germany/Austria: 56%
Other European countries: 24%
Asia: 14%
Americas: 6%
EBITDA impacted by negative effects from start in Chongqing (€ 12.7m), positive FX effects of € 13.0m. EBITDA margin decline to 22.0% is based on Chongqing effects.

*without Chongqing effects*
Business Development – Mobile Devices & Substrates

- Overall good demand for mobile applications and normal seasonality in Q4
- Stable revenue development due to improved position at key customers
- Increased diversification for end applications based on advanced technology portfolio:
  - Advanced growth of ECP (Embedded) technology for mobile devices
  - Improved position with Chinese Smartphone OEMs

<table>
<thead>
<tr>
<th>€ in millions (unless otherwise indicated)</th>
<th>2015/16</th>
<th>2014/15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>539.7</td>
<td>455.2</td>
<td>18.6%</td>
</tr>
<tr>
<td>Revenue with external customers</td>
<td>452.5</td>
<td>382.1</td>
<td>18.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>126.4</td>
<td>127.5</td>
<td>(0.8%)</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>23.4%</td>
<td>28.0%</td>
<td></td>
</tr>
</tbody>
</table>

Increase is based on high capacity utilisation; positive FX effects of € 58.5m

Impacted by ramp cost for Chongqing in Q4; EBITDA margin adjusted for Chongqing: 26.0% vs. 28.5% in FY 2014/15 which was characterized by almost no seasonality

Revenue per quarter*

€ in millions

Q1 14/15  Q2 14/15  Q3 14/15  Q4 14/15  Q1 15/16  Q2 15/16  Q3 15/16  Q4 15/16
68.0  88.7  120.9  104.5  115.9  112.2  123.4  101.0

* Revenue with external customers
Business Development – Automotive, Industrial, Medical

- Automotive: continuous strong trend for applications like near field detection (cameras and radar), data processing and central driver assistance systems (prerequisite for autonomous driving)
- Medical: new technologies and functionalities (e.g. communication modules) provide further growth base for AT&S
- Industrial: flat growth is based on general cautious investment behaviour and missing stimulus from topics like Industry 4.0

€ in millions (unless otherwise indicated) | 2015/16 | 2014/15 | Change
--- | --- | --- | ---
Revenue | 326.7 | 301.8 | 8.2%
Revenue with external customers | 306.5 | 282.9 | 8.4%
EBITDA | 30.1 | 34.8 | (13.5%)
EBITDA margin | 9.2% | 11.5% |

EBITDA burdened by negative FX effects (Ind. Rupee and Kor. WON vs. EUR) of € 8.5m, which led to increase in cost base and could not offset by price increases.

Revenue per quarter*

<table>
<thead>
<tr>
<th>Q1 14/15</th>
<th>Q2 14/15</th>
<th>Q3 14/15</th>
<th>Q4 14/15</th>
<th>Q1 15/16</th>
<th>Q2 15/16</th>
<th>Q3 15/16</th>
<th>Q4 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>72.6</td>
<td>71.7</td>
<td>65.9</td>
<td>72.6</td>
<td>77.8</td>
<td>79.5</td>
<td>72.7</td>
<td>76.5</td>
</tr>
</tbody>
</table>

(€ in millions)
* Revenue with external customers
**Capex & Staff**

**CAPEX**

CAPEX increase reflects investments in Chongqing project (whereof € 190.3m) and technology investments in existing locations.

**STAFF***

The increased headcount is primarily based on the Chongqing project.

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**CAPEX**

(€ in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>113</td>
<td>40</td>
<td>90</td>
<td>165</td>
<td>254</td>
<td></td>
</tr>
</tbody>
</table>

**STAFF***

* incl. leased personnel, FTE, average for the period

<table>
<thead>
<tr>
<th>Year</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,417</td>
<td>7,321</td>
<td>7,027</td>
<td>7,638</td>
<td>8,759</td>
<td></td>
</tr>
<tr>
<td>123</td>
<td>54</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>113</td>
<td></td>
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<tr>
<td>113</td>
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<tr>
<td>113</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

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* Employees project Chongqing
**Growth Project Chongqing**

**Total investment:** € 480m* in first phase (until mid 2017)

**Expected CAPEX-revenue ratio:** mean of 0.9** (at full expansion – incl. second phase)

**Depreciation & Amortisation:** average of 10 years; roughly additional € 40m in FY 2016/17

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**IC Substrate project**
- **Investment** Phase 1: ~ € 280m
- **Investment** as of 31/03/2016: € 208.7m

**Substrate-like PCB project**
- **Investment** Phase 1: ~ € 200m
- **Investment** as of 31/03/2016: € 82.9m

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* Capex for tangible fixed assets
**at full expansion (incl. a second phase not yet scheduled)
Ramp of three production lines within 12 months

FY 2015/16
Q4 2015/16 (January – March 2016)
Ramp: PRODUCTION LINE 1 - IC SUBSTRATES

FY 2016/17
Q1 2016/17 (April – June 2016)
Ramp: PRODUCTION LINE 2 - IC SUBSTRATES
Q2 2016/17 (July – August 2016)
Ramp: PRODUCTION LINE 1 – SUBSTRATE LIKE PCBs
Q3 2016/17 (September – December 2016)
Q4 2016/17 (January – March 2017)
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Outlook
## Financials FY 2015/16

<table>
<thead>
<tr>
<th>€ in thousands (unless otherwise indicated)</th>
<th>01.04.2015 – 31.03.2016</th>
<th>01.04.2014 – 31.03.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STATEMENT OF PROFIT OR LOSS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>762,879</td>
<td>667,010</td>
</tr>
<tr>
<td>produced in Asia</td>
<td>81.0%</td>
<td>79.0%</td>
</tr>
<tr>
<td>produced in Europe</td>
<td>19.0%</td>
<td>21.0%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>167,488</td>
<td>167,571</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>22.0%</td>
<td>25.1%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>76,969</td>
<td>90,086</td>
</tr>
<tr>
<td><strong>EBIT margin</strong></td>
<td>10.1%</td>
<td>13.5%</td>
</tr>
<tr>
<td><strong>Finance costs - net</strong></td>
<td>(8,135)</td>
<td>(5,103)</td>
</tr>
<tr>
<td><strong>Income Taxes</strong></td>
<td>(12,883)</td>
<td>(15,634)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>55,951</td>
<td>69,349</td>
</tr>
<tr>
<td><strong>Cash Earnings</strong></td>
<td>146,470</td>
<td>146,763</td>
</tr>
<tr>
<td><strong>EPS in €</strong></td>
<td>1.44</td>
<td>1.78</td>
</tr>
</tbody>
</table>

- **Revenue increase of 14.4%**: 5.2% from organic growth and 8.8% from FX effects.
- **Positive FX effects of € 13.0m** included as well as effects from Chongqing of € 12.7m (2014/15: € 5.8m).
- **EBITDA margin impacted by ramp costs of Chongqing, adjusted for these costs**: 23.7% (vs. 25.8%).
- **Stable tax rate of 18.7% (FY 14/15: 18.4%)**
### Financials FY 2015/16

<table>
<thead>
<tr>
<th>€ in thousands (unless otherwise indicated)</th>
<th>31.03.2016</th>
<th>31.03.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STATEMENT OF FINANCIAL POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>866,338</td>
<td>712,757</td>
</tr>
<tr>
<td>Current assets</td>
<td>478,312</td>
<td>508,055</td>
</tr>
<tr>
<td>Equity</td>
<td>568,936</td>
<td>604,358</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>421,407</td>
<td>413,070</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>354,307</td>
<td>203,384</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,344,650</td>
<td>1,220,812</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>263,192</td>
<td>130,510</td>
</tr>
<tr>
<td><strong>Net debt/EBITDA</strong></td>
<td>1.6x</td>
<td>0.8x</td>
</tr>
<tr>
<td><strong>Net gearing</strong></td>
<td>46.3%</td>
<td>21.6%</td>
</tr>
<tr>
<td><strong>Net working capital</strong></td>
<td>88,427</td>
<td>95,319</td>
</tr>
<tr>
<td><strong>Net working capital per revenue</strong></td>
<td>11.6%</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>42.3%</td>
<td>49.5%</td>
</tr>
</tbody>
</table>

- Improvement of net income to €56.0m was overcompensated by negative FX effects.
- Includes additions of fixed assets to Chongqing project of €231.5m.
- Increase based on high investment activity due to Chongqing and dividend paid.
# Financials FY 2015/16

<table>
<thead>
<tr>
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<th>01.04.2015 – 31.03.2016</th>
<th>01.04.2014 – 31.03.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating result</td>
<td><strong>76,969</strong></td>
<td>90,086</td>
</tr>
<tr>
<td>Paid /received interests</td>
<td>(12,460)</td>
<td>(12,193)</td>
</tr>
<tr>
<td>Paid taxes</td>
<td>(10,308)</td>
<td>(16,436)</td>
</tr>
<tr>
<td>Non cash bearing of profit or loss</td>
<td>91,727</td>
<td>83,499</td>
</tr>
<tr>
<td>Cash flow from operating activities before changes in working capital</td>
<td>145,928</td>
<td>144,956</td>
</tr>
<tr>
<td>Changes in Working Capital</td>
<td>(9,003)</td>
<td>(1,086)</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td><strong>136,925</strong></td>
<td>143,870</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(342,242)</td>
<td>(164,779)</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td><strong>111,073</strong></td>
<td>11,943</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>(94,244)</td>
<td>(8,966)</td>
</tr>
</tbody>
</table>

Strong operational cash flow generation from operations.

Including long term investment of liquid funds of € 89.5m - continuous high CAPEX in Chongqing project and continuous upgrades of existing production facilities.
Agenda

Market Update and Highlights Business Performance

Financials

Outlook
Future positioning as leading high-end interconnection solutions provider

„New interconnection solutions“
> supporting miniaturization and modularisation

„High-end Toolbox“

NEW TECHNOLOGIES
IC-Substrates
Advanced Packaging
Substrate-like PCBs

EXISTING TECHNOLOGIES
Multilayer PCBs
HDI Anylayer PCBs
Embedding
Flexible PCBs

1

1

= 3

CORE BUSINESS
Multilayer PCBs, HDI Anylayer PCBs, Embedding, Flexible PCBs

e- IC-Substrate
Advanced Packaging /SLP (SiB)
Advanced Packaging / (SiP)
e- Interposer

Mobile Devices
Industrial
Medical
Automotive
INTERNET of THINGS

New and existing customers
- Semiconductors
- Packaging companies (OSATS)
- Original Electronic Manufacturers (OEMs)
- Tier 1 suppliers

„More comprehensive positioning in the value chain“
Focus on capacity utilisation of first production line of IC substrates and ramp of two further production lines (second production line of IC substrates, first production line of substrate like PCB)

Slower growth dynamic expected in certain customer segments, particularly in Mobile Devices & Substrates as well as stronger seasonality in Q1 and Q4 and continuous low visibility

Based on a macroeconomic stable environment, FX relation of USD-EUR on a similar level than FY 2015/16 and a stable demand in the core business, management expects revenue growth of 10-12%. EBITDA margin should be on a level of 18-20%, based on costs related to the ramp of Chongqing. EBITDA margin in core business should be on a similar level than in FY 2015/16. Higher depreciation for the project Chongqing of additional ~ € 40m in FY 2016/17 will have a clear impact on EBIT level.
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Q&A Session