Conference Call Q1-3 2016/17

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Karl Asamer (CFO)
Elke Koch (IR/PR)

January 31, 2017
8.30 am CET
Agenda

Market Update and Summary Business Performance

Financials

Outlook
Market Update

- Development in the customer segments in 2016* compared to 2015
  - Smartphone segment**: individual OEMs showed a high double digit growth (e.g. Chinese high-end smartphone manufacturers) while overall smartphone market saturation resulted in a slight growth of 1.6% compared to 2015
  - Computing applications** – tablets, notebooks – continued the negative trend and showed a market decline of 9%
  - Automotive market continued its steady growth course and increased by 3.6%
  - Industrial applications and the medical segment grew by 1.5% resp. 2%
  - Demand for IC substrates, FCBGA technology, was rather flat

** in units
Summary Q1-3 2016/17 - I

- Overall good demand and capacity utilization
- Core business with very good profitability
- Revenue increase – based on Chongqing and slight organic growth
  > € 615.1m vs. € 584.3m (Q1-3 2015/16)
- EBITDA adjusted for Chongqing effects surpassed last years high level, based on cost savings and positive FX effects
  > EBITDA € 102.1m vs. € 140.2m (Q1-3 2015/16) / EBITDA margin: 16.6% vs. 24.0% (Q1-3 2015/16)
  > Adjusted: € 153.7m vs € 141.6m (Q1-3 2015/16) / EBITDA margin: 26.0% vs 24.4% (Q1-3 2015/16)
- Project Chongqing (EBITDA impact: € 51.6m; EBIT impact: € 85.4m) with operative improvements, but price pressure influences product mix and achievable price levels significantly
  > Decision on phase 2 for both plants in Chongqing (timing, technology and consequently CAPEX) will be taken until mid 2017
Summary Q1-3 2016/17 - II

- Net debt increased as expected to € 451.8m mainly due to payouts for Chongqing CAPEX
  > Sufficient liquid funds of € 166.0m for further financing of Chongqing and other running or planned investments until end of FY 16/17 – no equity transactions currently planned
  > Repayment of corporate bond of € 75.5m and 5% coupon in November 2016 and further optimization in existing debt led to reduction of financing costs to 2.4% as at Dec. 31, 2016

- Implementation of the new technology generation (mSAP) for high-end PCBs in plant Shanghai and plant 2 in Chongqing progresses as projected
  > Start of serial production in the beginning of second-half calendar year 2017 (Q2 2017/18)
Revenue

Total revenue

Split revenue Q1-3 2016/17: Business Unit

- Mobile Devices & Substrates: 61%
- Automotive, Industrial, Medical: 39%

Split revenue Q1-3 2016/17: Customer Region

- Germany/Austria: 57%
- Other European countries: 23%
- Asia: 14%
- Americas: 6%

€ in millions

Q1 2015/16: 194.4
Q2 2015/16: 192.7
Q3 2015/16: 197.2
Q4 2015/16: 178.5
Q1 2016/17: 178.9
Q2 2016/17: 207.6
Q3 2016/17: 228.6

+15.9%
+10.1%
Operating Business Performance

- EBITDA impacted by start-up costs in Chongqing (€ 51.6m) and price/product mix effects in Q1 2016/17
- EBITDA and EBITDA margin adjusted for Chongqing above high level of Q1-3 2015/16, based on cost savings and positive FX effects
Business Development – Mobile Devices & Substrates

- Flat revenue in core PCB business due to limited capacities, stronger seasonality in Q1 and negative FX effects; revenue increase on segment level mainly based on Chongqing revenue
- Negative price/product mix effects in Q1 not compensated by cost savings program

<table>
<thead>
<tr>
<th>€ in millions (unless otherwise indicated)</th>
<th>Q1-3 2015/16</th>
<th>Q1-3 2016/17</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>419.6</td>
<td>438.6</td>
<td>4.5%</td>
</tr>
<tr>
<td>Revenue with external customers</td>
<td>351.5</td>
<td>372.9</td>
<td>6.1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>109.1</td>
<td>56.1</td>
<td>(48.6%)</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>26.0%</td>
<td>12.8%</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA adjusted*</td>
<td>111.5</td>
<td>103.7</td>
<td>(7.0%)</td>
</tr>
<tr>
<td>EBITDA margin adjusted*</td>
<td>26.7%</td>
<td>25.0%</td>
<td>-</td>
</tr>
</tbody>
</table>

* Adjusted for Chongqing effects

Revenue per quarter**

€ in millions; ** Revenue with external customers
Business Development – Automotive, Industrial, Medical

- Automotive: continuous high demand for HDI PCBs (e.g. driver assistance systems and safety features)
- Strong growth in medical segment continued
- On EBITDA level, positive impact from release of a provision for unused production space

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<th>Q1-3 2016/17</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>246.7</td>
<td>262.0</td>
<td>6.2%</td>
</tr>
<tr>
<td>Revenue with external customers</td>
<td>230.0</td>
<td>239.2</td>
<td>4.0%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>24.9</td>
<td>37.0</td>
<td>48.3%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>10.1%</td>
<td>14.1%</td>
<td>-</td>
</tr>
</tbody>
</table>

Revenue per quarter:

- Q1 2014/15: €72.6
- Q2 2014/15: €71.7
- Q3 2014/15: €65.9
- Q4 2014/15: €72.6
- Q1 2015/16: €77.8
- Q2 2015/16: €79.5
- Q3 2015/16: €72.7
- Q4 2015/16: €76.6
- Q1 2016/17: €80.4
- Q2 2016/17: €79.9
- Q3 2016/17: €78.9

€ in millions; * Revenue with external customers
Net CAPEX
CAPEX spending of € 192.3m in Q1-3 2016/17 includes investments in Chongqing project (whereof € 141.0m) and technology investments in existing locations.

€ in millions

Q1 2015/16 | Q2 2015/16 | Q3 2015/16 | Q4 2015/16 | Q1 2016/17 | Q2 2016/17 | Q3 2016/17
---|---|---|---|---|---|---
40.3 | 57.9 | 78.7 | 77.4 | 66.3 | 76.2 | 49.8

STAFF*
The increased headcount is primarily based on Chongqing.

Q1 2015/16 | H1 2015/16 | Q1-3 2015/16 | Q1 2016/17 | H1 2016/17 | Q1-3 2016/17
---|---|---|---|---|---
8,390 | 8,555 | 8,688 | 8,759 | 9,165 | 9,315 | 9,452
1,049 | 1,152 | 1,289 | 1,380 | 1,826 | 1,929 | 2,035

* incl. leased personnel, FTE, average for the period
**Growth Project Chongqing**

- **IC substrates:**
  - Ramp of first production line still ongoing – with operative improvements resulting in higher output and yields, target yield levels should be achieved in the second half of calendar year 2017
  - 9 products for client computer and server qualified, 11 under qualification
  - Second production line started in December 2016

- **Substrate-like PCBs:**
  - First production line in serial production, running on high capacity utilization and good yield
  - Second production line under installation

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**IC substrate project**

- Investment* Phase 1: ~ € 280m
- Investment* as of 31/12/2016: € 258m

**Substrate-like PCB project**

- Investment* Phase 1: ~ € 200m
- Investment* as of 31/12/2016: € 170m

* CAPEX for tangible fixed assets
Agenda

Market Update and Summary Business Performance

Financials

Outlook
## Financials Q1-3 2016/17

<table>
<thead>
<tr>
<th>€ in thousands (unless otherwise stated)</th>
<th>Q1-3 2015/16</th>
<th>Q1-3 2016/17</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STATEMENT OF PROFIT OR LOSS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>584,333</td>
<td>615,063</td>
<td>5.3%</td>
</tr>
<tr>
<td>produced in Asia</td>
<td>81%</td>
<td>82%</td>
<td>1pp</td>
</tr>
<tr>
<td>produced in Europe</td>
<td>19%</td>
<td>18%</td>
<td>(1pp)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>140,233</td>
<td>102,108</td>
<td>(27.2%)</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>24.0%</td>
<td>16.6%</td>
<td>(7.4pp)</td>
</tr>
<tr>
<td>EBITDA adjusted</td>
<td>141,619</td>
<td>153,715</td>
<td>8.5%</td>
</tr>
<tr>
<td>EBITDA adjusted margin</td>
<td>24.4%</td>
<td>26.0%</td>
<td>1.6pp</td>
</tr>
<tr>
<td>EBIT</td>
<td>76,074</td>
<td>11,840</td>
<td>(84.4%)</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>13.0%</td>
<td>1.9%</td>
<td>(11.1pp)</td>
</tr>
<tr>
<td>EBIT adjusted</td>
<td>83,792</td>
<td>97,239</td>
<td>16.0%</td>
</tr>
<tr>
<td>EBIT adjusted margin</td>
<td>14.5%</td>
<td>16.4%</td>
<td>1.9pp</td>
</tr>
<tr>
<td>Finance costs – net</td>
<td>(2,664)</td>
<td>(18,551)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(13,182)</td>
<td>(13,038)</td>
<td>1.1%</td>
</tr>
<tr>
<td>Profit/(loss) for the period</td>
<td>60,228</td>
<td>(19,749)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€ 1.55</td>
<td>(€ 0.51)</td>
<td>(&gt;100%)</td>
</tr>
</tbody>
</table>

Negative impact from project Chongqing of € 51.6m.

Improved vs. prior year due to FX and cost savings despite higher seasonality and unfavourable prices and product mix (mainly in Q1).

Includes negative FX effects of € 8.2m; prior year: positive FX effects of € 3.1m.
Financials Q3 2016/17

<table>
<thead>
<tr>
<th>£ in thousands (unless otherwise stated)</th>
<th>31 Mar 2016</th>
<th>31 Dec 2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STATEMENT OF FINANCIAL POSITION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>866,338</td>
<td>979,328</td>
<td>13.0%</td>
</tr>
<tr>
<td>Current assets</td>
<td>478,312</td>
<td>453,978</td>
<td>(5.1%)</td>
</tr>
<tr>
<td>Equity</td>
<td>568,936</td>
<td>546,791</td>
<td>(3.9%)</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>421,407</td>
<td>586,552</td>
<td>39.2%</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>354,307</td>
<td>299,963</td>
<td>(15.3%)</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,344,650</td>
<td>1,433,306</td>
<td>6.6%</td>
</tr>
<tr>
<td>Net debt</td>
<td>263,192</td>
<td>451,808</td>
<td>71.7%</td>
</tr>
<tr>
<td>Net gearing</td>
<td>46.3%</td>
<td>82.6%</td>
<td>36.3pp</td>
</tr>
<tr>
<td>Net working capital</td>
<td>88,427</td>
<td>133,015</td>
<td>50.4%</td>
</tr>
<tr>
<td>Net working capital per revenue</td>
<td>11.6%</td>
<td>16.2%</td>
<td>4.6pp</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>42.3%</td>
<td>38.1%</td>
<td>(4.2pp)</td>
</tr>
</tbody>
</table>

- Reduced due to net loss of €19.7m, dividend payout of €14.0m. Positive impact from FX of €11.7m.
- Increase due to high CAPEX spending.
- Increase mainly due to accounts receivables.
### Financials Q1-3 2016/17

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>STATEMENT OF CASH FLOWS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating result (EBIT)</td>
<td>76,074</td>
<td>11,840</td>
<td>(84.4%)</td>
</tr>
<tr>
<td>Paid/received interests</td>
<td>(7,843)</td>
<td>(11,629)</td>
<td>(48.3%)</td>
</tr>
<tr>
<td>Paid taxes</td>
<td>(6,575)</td>
<td>(10,706)</td>
<td>(62.8%)</td>
</tr>
<tr>
<td>Non cash bearing of profit or loss</td>
<td>61,767</td>
<td>85,004</td>
<td>37.6%</td>
</tr>
<tr>
<td>Cash flow from operating activities before changes in working capital</td>
<td>123,423</td>
<td>74,509</td>
<td>(39.6%)</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>6,475</td>
<td>(57,705)</td>
<td>(&gt;100%)</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>129,898</td>
<td>16,804</td>
<td>(87.1%)</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(175,667)</td>
<td>(108,650)</td>
<td>38.2%</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>204,117</td>
<td>78,440</td>
<td>(61.6%)</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>158,348</td>
<td>(13,406)</td>
<td>(&gt;100%)</td>
</tr>
</tbody>
</table>

2016/17 includes payout of promissory note loans of € 150m for repayment of retail bond.

Net working capital increase due to seasonality.
Agenda

Market Update and Summary Business Performance

Financials

Outlook
Outlook FY 2016/17

- Focus on:
  - Chongqing plant 1 (IC substrates): finish ramp phase and continue ramp of the second production line
  - Build-up of the new technology generation (mSAP) for high-end PCBs in plant Shanghai and plant 2 in Chongqing
  - Cost and price management

- AT&S expects usual seasonality in Q4. Based on the developments in the raw material markets (copper, laminates), cost of material is under pressure. Due to changes in product and technology cycle in the semiconductor industry high price pressure for IC substrates continues.

- 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 4-6%. EBITDA margin should be on a level of 15-16%, based primary 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

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