AT&S
First choice for advanced applications
Debt Investor Call
18th November 2019
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Company Overview

Market Update

Financials H1 2019/20 & Outlook

Investment in the future of AT&S
AT&S – a world leading high-tech PCB & IC substrates company

High-end interconnect solutions for Mobile Devices, Automotive, Industrial, Medical Applications and Semiconductor Industry

Outperforming market growth over the last decade

Among the top PCB producers worldwide

€1bn revenue in FY 2018/19

~ 10,000 Employees**

#1 high-end PCB producer worldwide*

Efficient global production footprint with 6 plants in Europe and Asia

* For CY 2018 Source: Prismark
** For AT&S FY 2018/19
AT&S – Key Facts

1. Strong growth track record

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (in € millions)</th>
<th>EBITDA (in € millions)</th>
<th>EBIT (in € millions)</th>
<th>Revenue growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>667</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015/16</td>
<td>763</td>
<td>+14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016/17</td>
<td>815</td>
<td>+7%</td>
<td>+22%</td>
<td></td>
</tr>
<tr>
<td>2017/18</td>
<td>992</td>
<td></td>
<td>+4%</td>
<td></td>
</tr>
<tr>
<td>2018/19</td>
<td>1,028</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 2018/19</td>
<td>517</td>
<td>(5.1)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 2019/20</td>
<td>490</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Balanced portfolio/Global customer base

- **Revenue split by segment: H1 2019/20**
  - Mobile Devices & Substrates: 33% (33%)
  - Automotive, Industrial, Medical: 67% (67%)

- **Revenue split by customer: H1 2019/20**
  - Americas: 8% (7%)
  - Germany/Austria: 16% (19%)
  - Asia: 8% (7%)
  - Other European countries: 68% (67%)

€ in millions
*Based on ramp-up effects for new plants in China
** Figures in parentheses refer to same period last year

Debt Investor Call
Growth opportunities in all segments
Future trends still intact

Communication
- Increased digital networking (IoT)
- Additional functionality
  - 5G
  - Artificial Intelligence

Consumer / Computer
- New applications
  (smartwatch, speakers, robots, VR, …)
- Edge & cloud computing
- Networking
- Big data / data server

Automotive
- Autonomous driving
  - RADAR, LiDAR, camera
  - 5G
  - Artificial Intelligence
  - Electrification of the drive
  - Increasing electronics share per vehicle

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

High end market growth ~10% CAGR (until 2024)
PCB & IC substrates market

Forecast for the total PCB & IC substrates market until 2024: CAGR of 5.6%

- **IC substrates**
  - Mid-term increase in server demand
  - Cloud computing drives data center expansions
  - Networking and AI processors trigger demand for high-value IC substrates

- **Medical**
  - Applications in medical show continued growth (e.g. hearing aids)

- **Automotive**
  - Decrease in unit car sales can be compensated by rising electronic content
  - Future PCB business is strongly driven by autonomous driving (e.g. RADAR, LIDAR, cameras), vehicle-to-X communication and electrification

- **Consumer**
  - Market trend towards wireless connectivity of smart devices enabling IoT drives the need for high-end PCBs and substrates for module applications

- **Communication**
  - Despite a flat development in 2019 smartphone unit sales, high-end PCB demand for mainboards and modules will grow due to 5G, AI and sensors
  - AI processors, enhanced wireless connectivity and sensors increase demand

- **Computer**
  - PC/notebook unit sales slightly declining in 2019
  - Increased functionalities (AI, 5G) and miniaturizations drive high-end PCB growth

Source: Prismark, June 2019; Yole (for IC Substrates), May 2019
Current market environment

- Trade frictions (US-China) and political environment (Brexit) create uncertainties in the market
- Weakness in automotive market is mainly created by uncertainties about the future of the powertrain
- Growth in electronic content compensates for declining car unit sales
- 5G infrastructure (base station and satellites) currently being built up, mobile devices to follow in significant volumes from 2020 onwards
- Artificial Intelligence applications drive demand for data processing and memory
- Miniaturization and modularization trend continues
Highlights in H1 2019/20
AT&S well positioned for the future

- Operations and strategy on the right track
- Macroeconomic environment weighs on revenue and earnings in H1
  - Lower ramp of new smartphone generation and unfavourable product mix in Mobile Devices
  - Uncertainty in automotive industry with regard to the powertrain impacts PCB demand
  - Weaker market environment in the Industrial and Automotive segment causes temporary higher price pressure
- Broad customer and application portfolio help to partly compensate for market fluctuations
  - Continued strong demand for IC substrates
  - Medical & Healthcare with robust trend
- Strengthened position in Mobile Devices through further extension of customer and application portfolio
## Financials H1 2019/20

### STATEMENT OF PROFIT OR LOSS

<table>
<thead>
<tr>
<th>€ in thousands</th>
<th>H1 2018/19</th>
<th>H1 2019/20</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>516,857</td>
<td>490,317</td>
<td>(5.1%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>138,262</td>
<td>101,064</td>
<td>(26.9%)</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>26.8%</td>
<td>20.6%</td>
<td>(6.2pp)</td>
</tr>
<tr>
<td>EBIT</td>
<td>71,943</td>
<td>29,369</td>
<td>(59.2%)</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>13.9%</td>
<td>6.0%</td>
<td>(7.9pp)</td>
</tr>
<tr>
<td>Finance costs – net</td>
<td>(95)</td>
<td>2,819</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>55,372</td>
<td>19,533</td>
<td>(64.7%)</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>€ 1.32</td>
<td>€ 0.40</td>
<td>(70.0%)</td>
</tr>
</tbody>
</table>

- **Revenue** impacted by lower ramp of new smartphone generation, unfavourable product mix and positive FX effects.
- **EBITDA** decreased due to unfavourable product mix and underutilization in Mobile Devices, higher R&D costs for future applications.
- **EBIT** margin decreased due to higher depreciation partly due to first-time application of IFRS 16.
- **Finance costs – net** increased due to higher interest income, positive FX effects and lower gross interest expenses.
- **Profit for the period** decreased due to higher interest income, positive FX effects and lower gross interest expenses.
- **Earnings per share** decreased due to lower profit and higher expenses.
## Financials H1 2019/20

### STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>€ in thousands</th>
<th>31 Mar 2019</th>
<th>30 Sep 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>803,451</td>
<td>768,385</td>
<td>(4.4%)</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,784,106</td>
<td>1,809,660</td>
<td>1.4%</td>
</tr>
<tr>
<td>Net debt</td>
<td>150,258</td>
<td>233,697</td>
<td>55.5%</td>
</tr>
<tr>
<td>Net working capital</td>
<td>160,537</td>
<td>188,939</td>
<td>17.7%</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>45.0%</td>
<td>42.5%</td>
<td>(2.5%)</td>
</tr>
</tbody>
</table>

- Negative FX effects and dividend payout
- Higher capex, impact of IFRS 16
- Effect out of lower equity and higher total assets
## Financials H1 2019/20

### STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>€ in thousands</th>
<th>H1 2018/19</th>
<th>H1 2019/20</th>
<th>Change YoY</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>58,024</td>
<td>62,184</td>
<td>7.2%</td>
<td>Mainly driven by higher trade payables and lower income taxes paid</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>(130,932)</td>
<td>(97,349)</td>
<td>25.6%</td>
<td>Higher net capex but lower temporary net investment in financial assets</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>249,798</td>
<td>(36,888)</td>
<td>(&gt;100%)</td>
<td>HY 2018/19 impacted by issuance of promissory note</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>176,890</td>
<td>(72,053)</td>
<td>(&gt;100%)</td>
<td></td>
</tr>
<tr>
<td>Operating free cash flow(^1)</td>
<td>20,107</td>
<td>(29,801)</td>
<td>(&gt;100%)</td>
<td>Lower operating profit and higher net capex</td>
</tr>
<tr>
<td>Free cash flow(^2)</td>
<td>(72,908)</td>
<td>(35,165)</td>
<td>51.8%</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Cash flow from operating activities minus Net CAPEX  
\(^2\) Cash flow from operating activities minus cash flow from investing activities
Outlook for 2019/20
Revenues and EBITDA outlook continues to be confirmed

- Broad product portfolio and past investments in new technologies compensate for market fluctuations
  - Better market environment leads to satisfying capacity utilization for Mobile Devices
  - IC Substrates remain on high level
  - Lower demand in Automotive and Industrial segments causes ongoing price pressure
  - Medical segment continue to show good demand

- Management Board expects revenue to remain stable and an EBITDA margin in the range of 20 to 25%

- Investment (CAPEX) activity in the current year
  - Maintenance investments and minor technology upgrades in the amount of € 80 to 100 million
  - Depending on the market development, an additional € 100 million for capacity and technology expansions
  - Investments in IC substrates up to € 180 million
  - Due to current progress of the Chongqing investment total Group CAPEX of up to € 340 million expected

- AT&S delivers solid results even in challenging market environment
Overview Debt Portfolio Duration

<table>
<thead>
<tr>
<th>Maturity</th>
<th>€ in millions*</th>
<th>&lt; 1 Year</th>
<th>1-5 Years</th>
<th>&gt; 5 Years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promissory note loans 2014</td>
<td>-</td>
<td>9.0</td>
<td>-</td>
<td>9.0</td>
<td></td>
</tr>
<tr>
<td>Promissory note loans 2015</td>
<td>-</td>
<td>102.6</td>
<td>-</td>
<td>102.6</td>
<td></td>
</tr>
<tr>
<td>Promissory note loans 2016</td>
<td>-</td>
<td>150.0</td>
<td>-</td>
<td>150.0</td>
<td></td>
</tr>
<tr>
<td>Promissory note loans 2018</td>
<td>-</td>
<td>211.5</td>
<td>123.2</td>
<td>334.7</td>
<td></td>
</tr>
<tr>
<td>Subsidized loans</td>
<td>29.7</td>
<td>53.1</td>
<td>17.6</td>
<td>100.4</td>
<td></td>
</tr>
<tr>
<td>Bank Borrowings and others</td>
<td>7.6</td>
<td>27.4</td>
<td>5.1</td>
<td>40.1</td>
<td></td>
</tr>
<tr>
<td>Total 30/09/2019**</td>
<td>37.3</td>
<td>553.6</td>
<td>145.9</td>
<td>736.8</td>
<td></td>
</tr>
<tr>
<td>Total 31/03/2019</td>
<td>38.0</td>
<td>532.6</td>
<td>146.5</td>
<td>717.0</td>
<td></td>
</tr>
</tbody>
</table>

* including accrued interest and placement costs
** including finance leases

- Average debt portfolio duration: 3.2 years (2018/19: 3.7 years)
- Average financing costs: 1.5% (31/03/2019: 1.8%)
- € 185.4m of credit lines not utilized (31/03/2019: € 187.3m)
- Currency mix of EUR and USD to support natural hedging strategy
- In addition Hybrid capital nominal value € 175m first termination option Nov 2022
The repayment structure shows high amounts in the year 2022/23 due to the repayment of the hybrid bond and parts of the promissory note loan and in the year 2023/24 due to the repayment of parts of the promissory note loan.
Key credit figures

Gross debt, financial assets and cash, net debt

- Net debt decrease results from positive operating free cash flow

Net debt/EBITDA

- Target: < 3x
FIRST CHOICE FOR ADVANCED APPLICATIONS
Expansion of IC substrates capacities

IC substrates business becomes an even more important pillar

- AT&S already operating successfully in China since 2001
  - Since 2013 site in Chongqing with two plants for IC substrates and new technologies
  - First high-end IC substrates manufacturer in China

- Strategic focus on business with IC substrates for high-performance computing modules
  - Globally generated data grow by more than 30% p.a. until 2025
  - More powerful processors require larger form factor, higher layer count and thus higher value IC substrates

- Investment volume of up to one billion euros planned for the next five years

- Close cooperation with a leading semiconductor player
  - Excellent track record in ramping new technologies and production capacities
  - Outstanding process know-how, productivity and efficiency combined with highest quality

- Relevant revenues out of phase III (CHQ III) should arrive in FY 2022/23
Securing profitable growth in tomorrow

Medium-term guidance

- Step towards module integration and “More than AT&S”
  - Group revenue to double to € 2 billion (CAGR of roughly 15%)
  - EBITDA margin of 25% to 30%
  - ROCE target above 12%

- Significant financing capabilities and solid finance structure to manage the investment
  - Strong operating cash flows
  - High level of existing liquid funds (e.g. promissory note loan)
  - Continuous optimization of financing structure
Thank you for your attention!
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