



**AT&S**  
**First choice for advanced applications**  
**Conference Call – Q1 2019/20**  
**August 02, 2019**

**AT&S**

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft | Fabriksgasse 13 | A-8700 Leoben  
Tel +43 (0) 3842 200-0

[www.ats.net](http://www.ats.net)



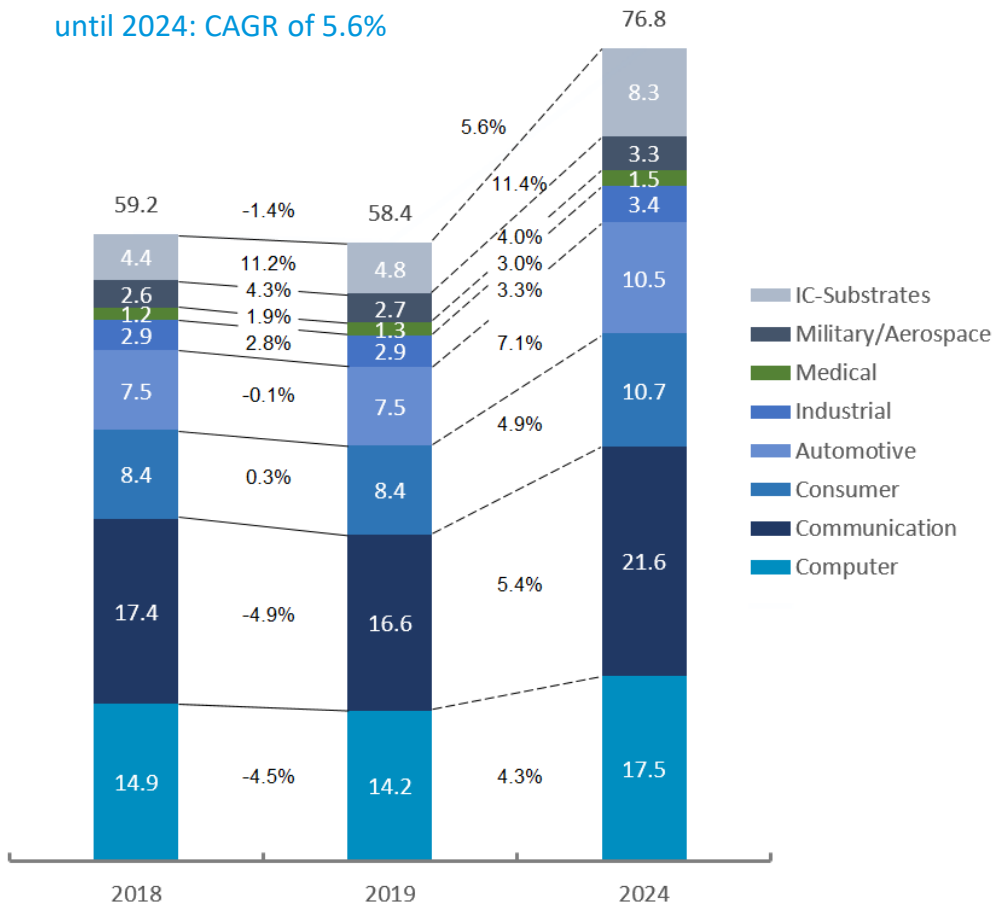
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Highlights  
Q1 / 2019/20

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# PCB & IC substrates market – Overview

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



\$ in billions  
Source: Prismark, June 2019; Yole, May 2019

## IC substrates

- Networking and AI processors trigger demand for high-value IC substrates
- Cloud computing drives data center expansions
- Increase in server demand
- Processor heterogeneous integration drives further increase in IC substrate unit size and the number of substrate layers

## Automotive

- Despite a temporary slowdown, future growth is strongly driven by autonomous driving (e.g. RADAR, LIDAR, cameras, ...), “Vehicle-to-X” communication modules and power module PCBs for electrification

## Consumer

- Wireless connectivity of smart devices enabling IoT drives 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 additional functionalities like 5G, AI and sensors
- 5G infrastructure will increase demand PCBs and substrates for mainboards as well as modules

# Highlights in Q1 2019/20

## Solid quarter despite strong seasonality and challenging environment

- Revenue flat at € 222.7 million
  - Diversified product, technology and customer portfolio supported to compensate for market fluctuations
  - Strong demand for IC substrates
  - Robust development of Medical & Healthcare
  - Demand in Mobile Devices and Industrial subdued
- EBITDA lower at € 34.9 million
  - Previous year period was impacted by positive product mix
  - Due to challenging market environment
    - Strong seasonality in Mobile Devices as well as market-related underutilization
    - Weaker demand in Automotive and Industrial
    - Lower manufactured value due to seasonality and visibility
  - As preparation for future applications higher R&D expenses (run-up costs for modularization, miniaturization and future applications)
  - EBITDA margin at 15.7% (PY: 23.4%)
- EBIT at € (0.6) million in line with EBITDA



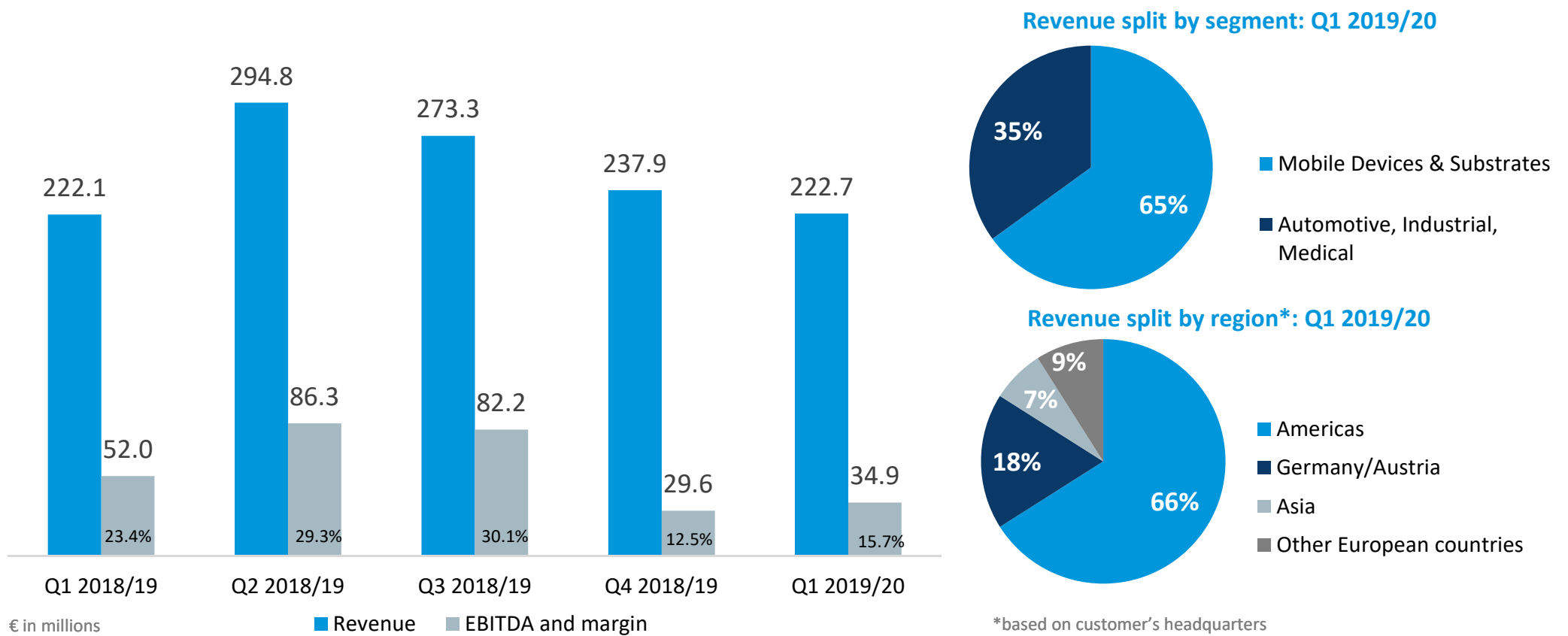
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Financials and  
Key Figures

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# Revenue and EBITDA development

Revenue and EBITDA impacted by seasonality and market environment



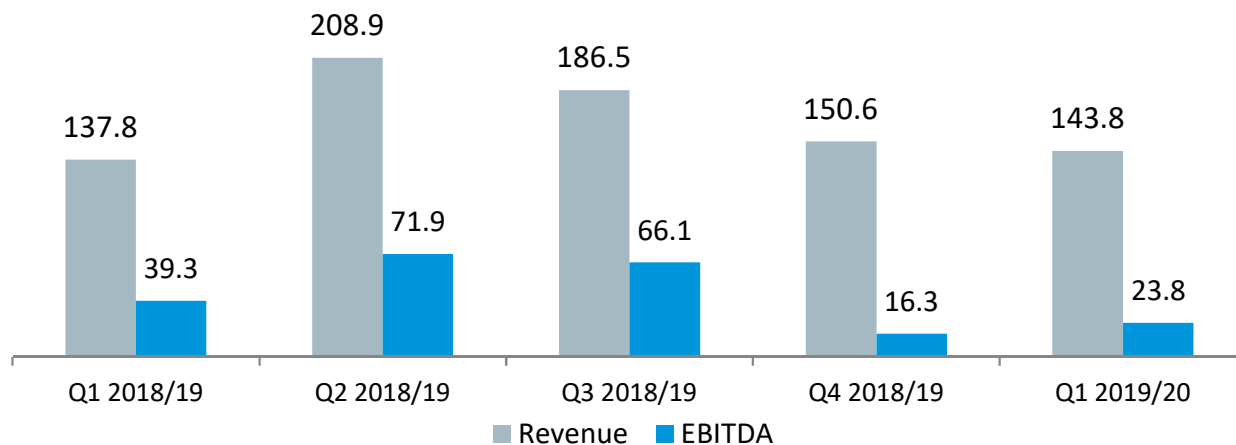
# Business Development – Mobile Devices & Substrates



€ in millions (unless otherwise indicated)	Q1 2018/19	Q1 2019/20	Change in %
Revenue	160.2	166.4	3.9%
Revenue with external customers	137.8	143.8	4.4%
EBITDA	39.3	23.8	-39.5%
EBITDA margin	24.5%	14.3%	

- IC substrate continued to grow due to higher value portfolio and rising sales volume
- Due to stronger seasonality lower demand for Mobile devices and market-related underutilization
- Unfavorable product mix and low visibility impacted first quarter earnings

## Revenue\* and EBITDA



€ in millions; \* Revenue with external customers

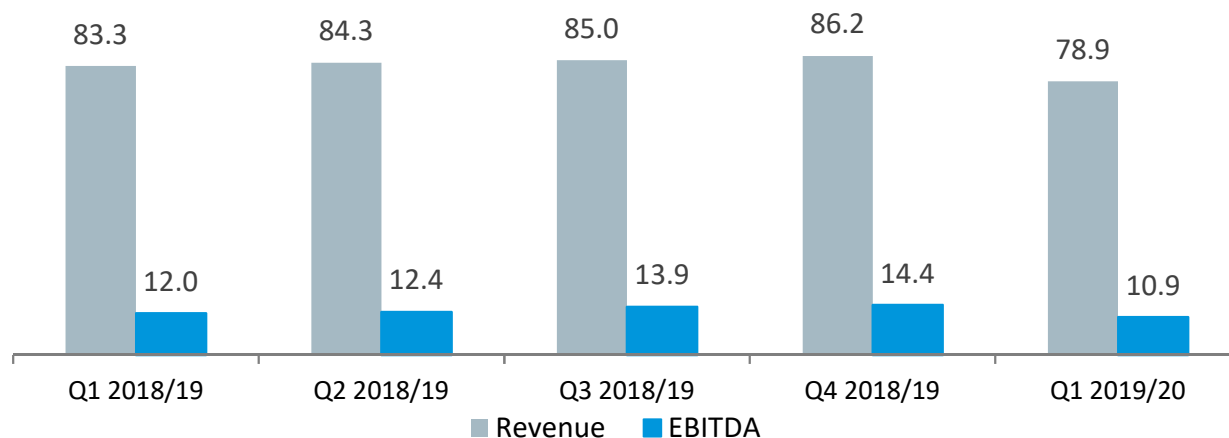
# Business Development – Automotive, Industrial, Medical



€ in millions (unless otherwise indicated)	Q1 2018/19	Q1 2019/20	Change in %
Revenue	89.6	88.1	-1.7%
Revenue with external customers	83.3	78.9	-5.2%
EBITDA	12.0	10.9	-9.2%
EBITDA margin	13.4%	12.4%	

- Medical & Healthcare continued to show good demand
- Weaker market-related demand in Industrial
- Overall challenging market environment in Automotive

## Revenue\* and EBITDA



€ in millions; \* Revenue with external customers



# Financials Q1 2019/20

## STATEMENT OF PROFIT OR LOSS

€ in thousands	Q1 2018/19	Q1 2019/20	Change YoY	
Revenue	222,081	222,739	0.3%	Supported by IC substrates and Medical & Healthcare
EBITDA	51,996	34,905	(32.9%)	Unfavourable product mix, lower manufactured value and R&D costs for future applications
EBITDA margin	23.4%	15.7%	(7.7pp)	
EBIT	18,323	(562)	(>100%)	
EBIT margin	8.3%	(0.3%)	(8.6pp)	
Finance costs – net	1,703	(1,739)	(>100%)	Lower due to FX effects
Profit for the period	13,549	(6,204)	(>100%)	
Earnings per share	€ 0.30	(€ 0.20)	(>100%)	

# Financials Q1 2019/20

## STATEMENT OF FINANCIAL POSITION

€ in thousands	31 Mar 2019	30 Jun 2019	Change	
Equity	803,451	759,304	(5.5%)	➔ Negative FX effects and lower earnings
Total assets	1,784,106	1,774,855	(0.5%)	
Net debt	150,258	208,626	38.8%	➔ Higher capex and impact of IFRS 16
Net working capital	160,537	156,608	(2.4%)	
Equity ratio	45.0%	42.8%	(2.2pp)	

# Financials Q1 2019/20

## STATEMENT OF CASH FLOWS

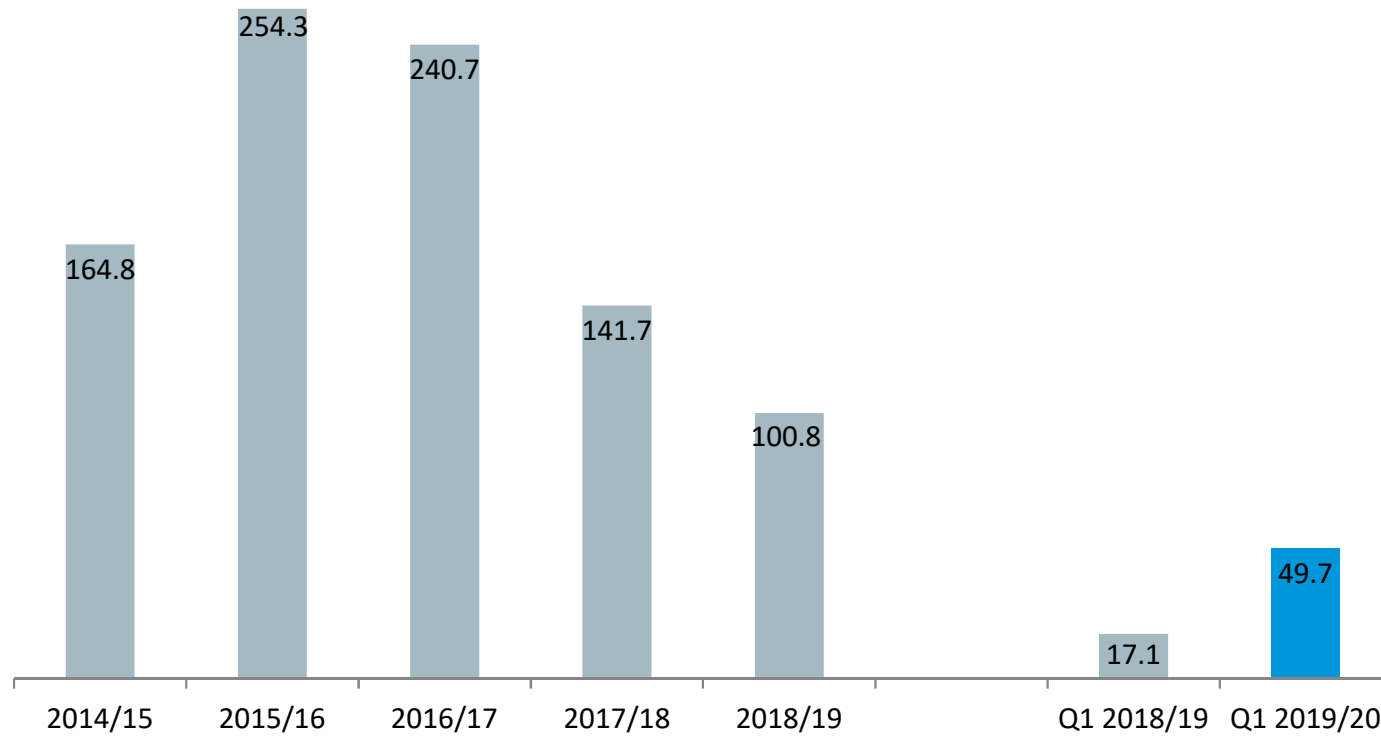
€ in thousands	Q1 2018/19	Q1 2019/20	Change YoY	
Cash flow from operating activities	4,585	28,505	>100%	➔ Mainly due to increase in trade payables
Cash flow from investing activities	(21,614)	(63,745)	(>100%)	➔ Higher net capex main driver
Cash flow from financing activities	1,230	(2,710)	(>100%)	
Change in cash and cash equivalents	(15,799)	(37,950)	(>100%)	
Operating free cash flow <sup>1)</sup>	(12,497)	(21,173)	(69.4%)	➔ Result of higher net capex
Free cash flow <sup>2)</sup>	(17,029)	(35,240)	(>100%)	

<sup>1)</sup> Cash flow from operating activities minus Net CAPEX

<sup>2)</sup> Cash flow from operating activities minus cash flow from investing activities

# Net CAPEX

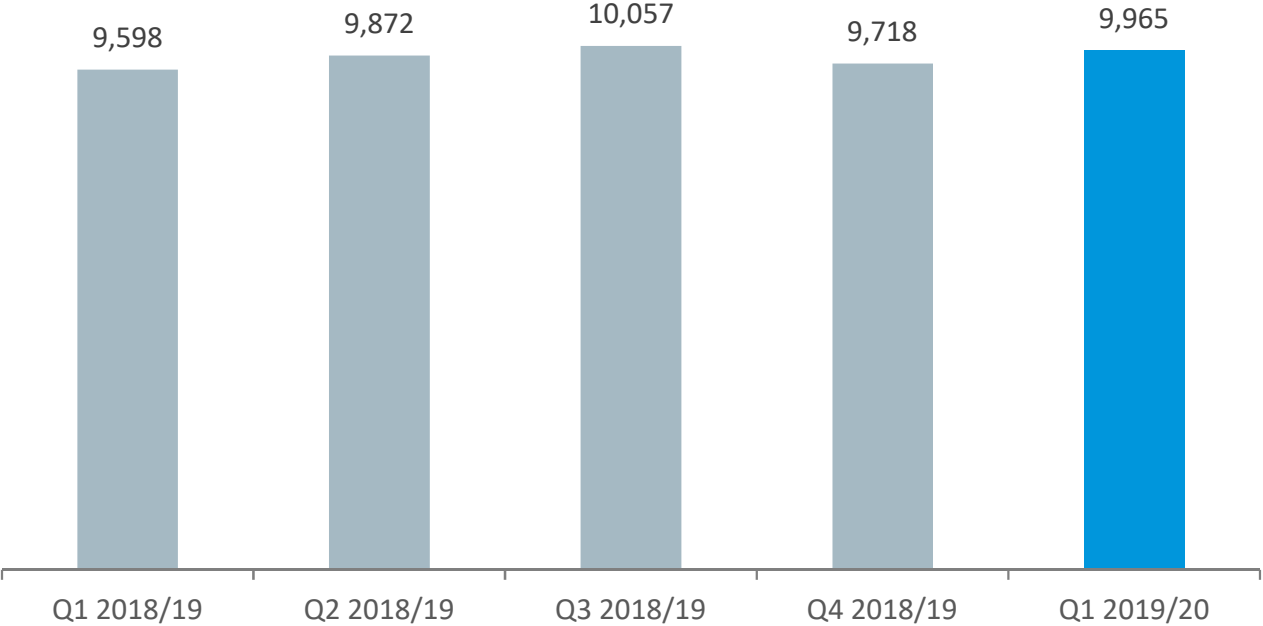
Investment in IC substrates capacity main trigger for YoY growth



€ in millions

# Headcount

Capacity extensions require more staff



\* incl. contractors, FTE, average for the period



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Investment in  
the future of AT&S

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# AT&S initiates next growth step

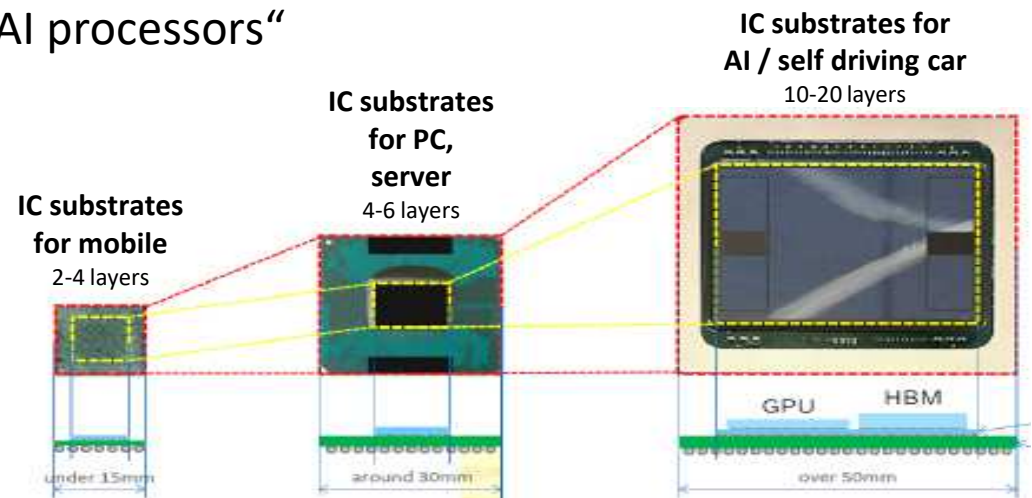
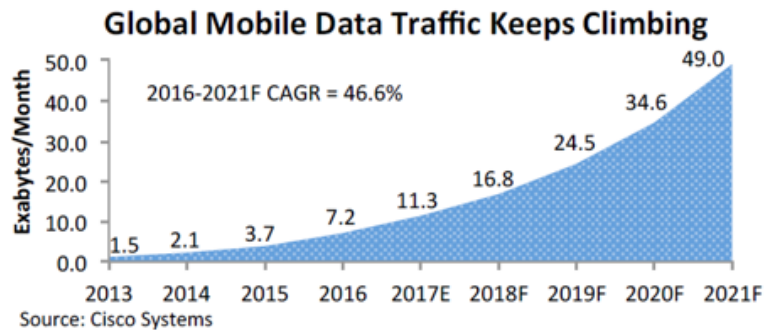
## IC substrates business becomes an even more important pillar

- Future high-performance computing modules drives the technological demands on all components of the modules including IC substrates
- Production of IC substrates for high-performance computing modules
  - Construction of a new plant in Chongqing and expansion of the location in Leoben
- Close cooperation with a leading semiconductor player
  - will drive future technology development and implementation
  - should support mitigating the investment risk
- Investment volume of up to one billion euro planned for the next five years
- Start of production in the new plant in Chongqing end of 2021

# Drivers behind the investment

Globally generated data grow by more than 30% p.a. until 2025

- Explosive growth of data
  - Smart applications and devices with an increasing number of low cost sensors
  - Decreasing storage costs per Giga Byte due to memory technology advances
  - Data sharing (entertainment, office and production automation) enabled by higher data rates, bandwidth (3G→4G→5G)
  - Autonomous driving generates a flood of data due to necessary applications like RADAR, LIDAR...
- Artificial Intelligence introduces machine learning for more efficient data processing and automation and requires further dedicated „AI processors“





# AT&S operating successfully in China

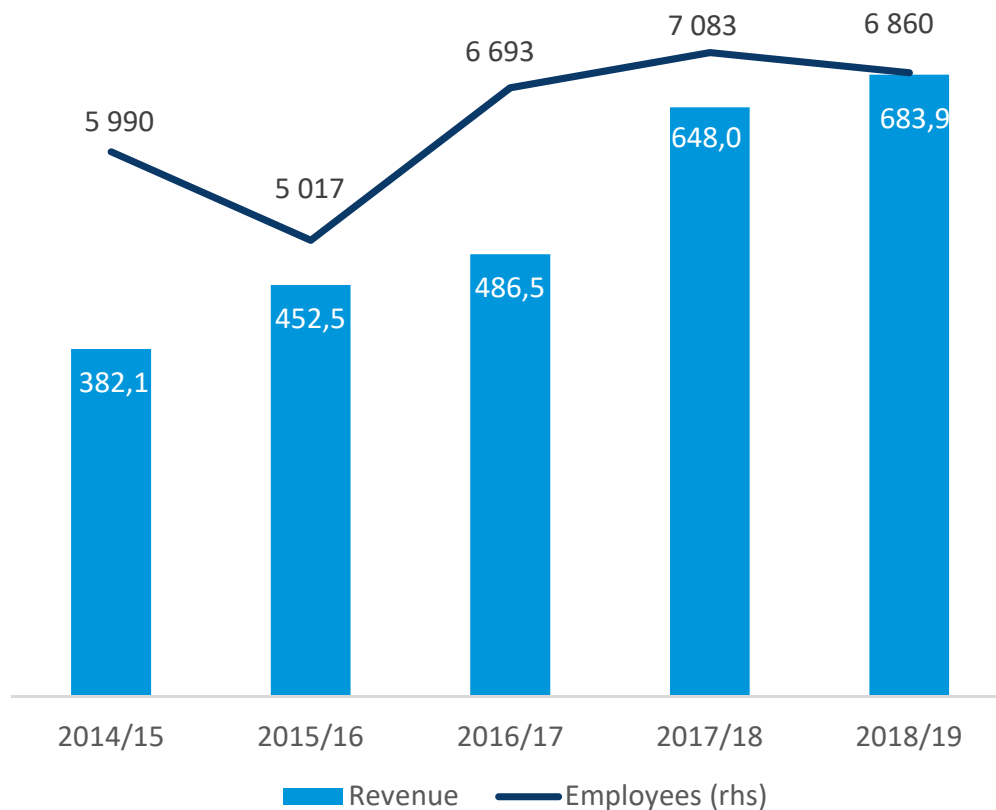
Industry best-in-class for ramping new technologies and facilities

- Since 2001 plant in Shanghai for high-end HDI
- Since 2013 site in Chongqing with two plants for IC substrates and new technologies
- First high-end IC substrates manufacturer in China
- SLP main trigger for becoming No 1 at high-end PCBs
- ~7,000 employees in China



# Facts & Figures – Segment Mobile Devices & Substrates

Revenue nearly doubled over the last five years



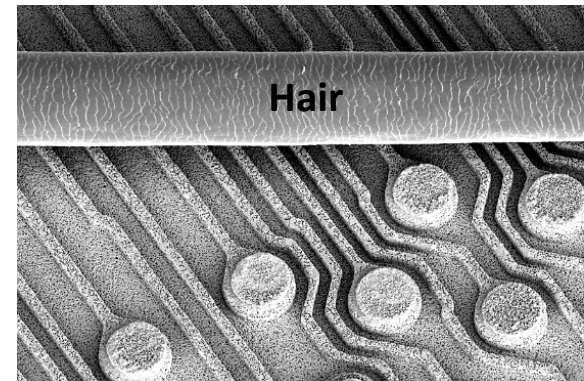
- Significant growth generated by the segment Mobile Devices
- Worldwide Market leader in high-end printed circuit boards (HDI, High Density Interconnect)
- Close collaboration with market and technology leader

Revenue with external customers  
€ in millions

# New plant in Chongqing

One of the most modern IC Substrate plants in the world

- Manufacturing floors space of 65,000 m<sup>2</sup> (equals nine football pitches)
- IC substrates for HPC modules demand clean environment
  - Fulfills highest design standards to guarantee necessary product quality
  - High portion of cleanroom → level of semiconductor production
  - Any vibration (from machines, humans...) must be avoided
  - Special building construction
- Respective substrates panel show 30 million laser drilled holes
  - Structure is reduced to 3μm (a hair ~80μm)



# Securing profitable growth in tomorrow

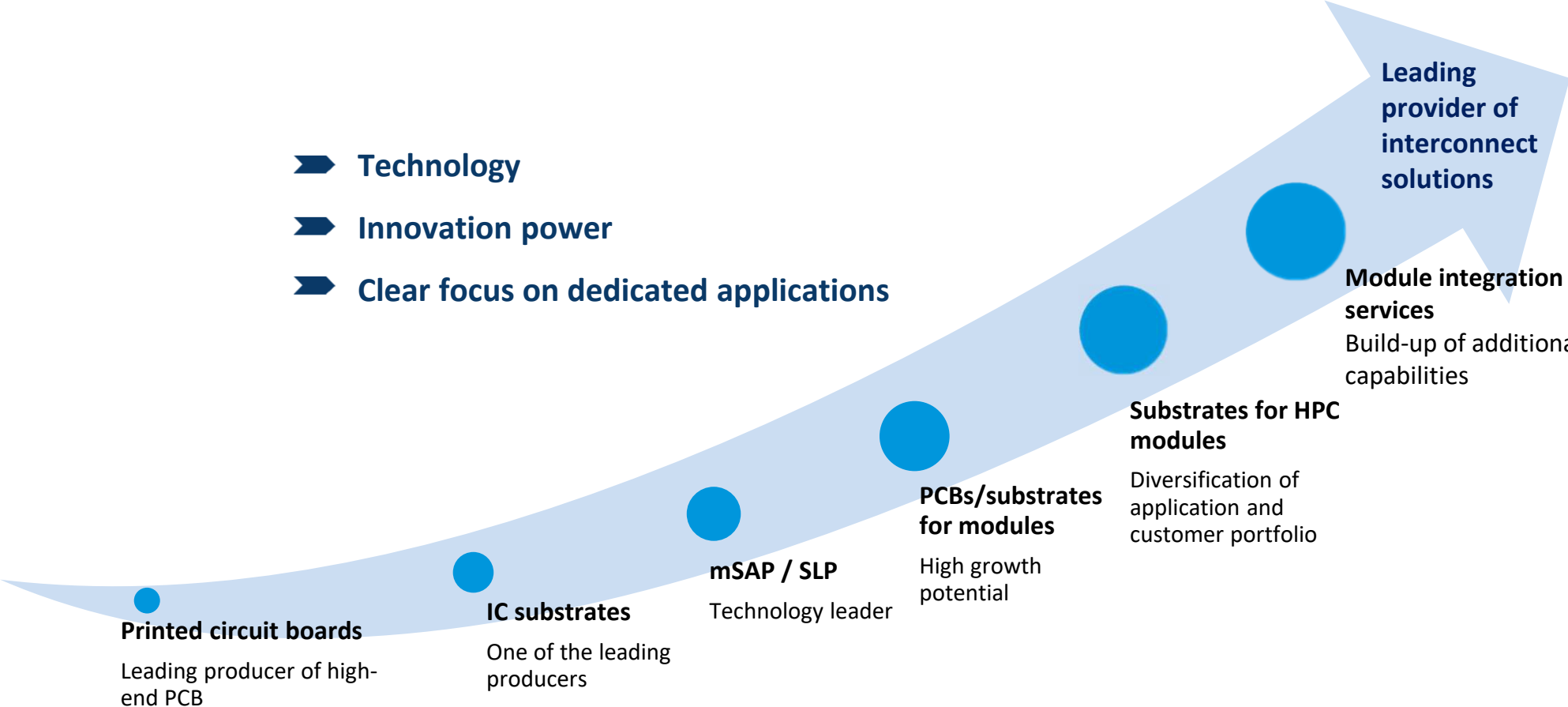
## Medium-term guidance

- 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 cashflows
  - High level of existing liquid funds (e.g. promissory note loan)
  - Continuous optimization of financing structure

# More than AT&S

Broadening the service range and opening up of new business opportunities

- Technology
- Innovation power
- Clear focus on dedicated applications



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Outlook 2019/20

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# Outlook for 2019/20

## Revenues and EBITDA outlook continues to be confirmed

- Volatile and currently weaker market environment for mobile devices, in the Automotive and Industrial segment causes low visibility
- On an annual basis the Management Board expects revenue to remain stable and an EBITDA margin in the range of 20 to 25%
- Investment (CAPEX) activity in the current financial 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 increase from € 80 million up to € 180 million



**Thank you  
for your attention!**

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