

Report of the Supervisory Board



Dear shareholders,

The financial year 2015/16 was another successful year for AT&S. Revenue increased further to € 762.9 million and the operating result before interest, tax, depreciation and amortisation (EBITDA), with € 167.5 million, matched the high level of the previous year, even though start-up effects for the project Chongqing had an influence on earnings. This performance can be attributed to an unusually high demand in the first half of the year for printed circuit boards used in mobile devices, and to continuing high demand in automotive applications. However, AT&S could not entirely decouple from the somewhat weaker demand development in the high-end segment for mobile devices in the third quarter of financial year 2015/16. AT&S is planning to continue the growth path and its technological leadership in several segments in the competitive environment dominated by Asian companies. This should be supported by the successful completion of the qualification phase in February 2016 and the start of serial production of the new “IC substrate” technology, which has now taken place, and expansion of the site in Chongqing, China, for the next generation of printed circuit boards – the substrate-like printed circuit board. The official opening of the IC substrate plant took place on 20 April 2016, attended by Chinese public officials including Chongqing's mayor, Huang Qifan, Austrian officials, representatives from business and the media, customers, the Chairman and First Deputy Chairman of the Supervisory Board and the Management of AT&S.

COMPOSITION OF THE SUPERVISORY BOARD The Supervisory Board of AT&S consists of twelve members. During the financial year 2015/16, elections for the Supervisory Board were held and one change was effected: At the 21st Annual General Meeting of AT&S on 9 July 2015, Hannes Androsch, Willibald Dörflinger, Karl Fink and Albert Hochleitner were re-elected to the Supervisory Board of the company in accordance with the proposal made by the Supervisory Board. The additional members representing shareholder interests on the Supervisory Board of AT&S are Regina Prehofer, Gerhard Pichler, Georg Riedl and Karin Schaupp.

At the Supervisory Board meeting directly following the Annual General Meeting, Hannes Androsch was unanimously elected as Chairman of the Supervisory Board, Willibald Dörflinger as First Deputy Chairman, and Regina Prehofer as Second Deputy Chairwoman.

Effective 28 January 2016, Siegfried Trauch was delegated by the Works Council as an employee representative on the Supervisory Board, taking the place of Franz Katzbeck. Thus Franz Katzbeck departed the Supervisory Board on this date. The additional employee representatives delegated by the Works Council to the Supervisory Board are Wolfgang Fleck, Günther Wölfler and Sabine Fussi.

ACTIVITIES OF THE SUPERVISORY BOARD The Supervisory Board met five times during the financial year 2015/16, with the participation of the Management Board. Karl Fink and Franz Katzbeck were excused from two Supervisory Board meetings. Supervising the construction, qualification, certification and finally the commissioning of the IC substrate plant in Chongqing, as well as the further expansion of the Chongqing site for the next generation of printed circuit boards, were also key areas of focus of the Supervisory Board's activities in financial year 2015/16. Proceedings and decisions made by the Supervisory Board in the past financial year were related to the financing of continued growth and, related to this, the continuous improvement of the financing structure – as well as further strategic development of the Group: With the launch of the IC substrate plant in the past financial year, AT&S has set the course for further technological development, but is only just beginning this journey. AT&S must not only continue to develop this largest single investment and successfully bring it to market, but also profitably expand the existing business and position AT&S precisely and quickly in the value chain of the electronics industry that is changing with ever greater speed and force, and in the appropriate customer segments.

The production site AT&S Korea Co., Ltd. in Ansan (South Korea) has now been 100% integrated into the Group with the acquisition of a remaining minority share.

Again, in the financial year 2015/16, the Supervisory Board diligently exercised its tasks and duties as required by law, the Articles of Association, the Austrian Corporate Governance Code (ÖCGK) and its rules and procedures. In the financial year from 1 April 2015 to 31 March 2016, the Supervisory Board was regularly informed by the Management Board through a continuous, open exchange of information and opinions, as well as comprehensive oral and written reports about the market situation, strategy, operating and financial position of the Group and its investments, staff situation and planned capital expenditures. The Supervisory Board took the respective decisions accordingly. The Supervisory Board was able to confirm a functioning Issuer Compliance system. Between meetings of the Supervisory Board, the Chairman of the Supervisory Board and his Deputy were regularly informed by the Management Board of business developments.

SUPERVISORY BOARD COMMITTEES The Supervisory Board has established an Audit Committee and a Nomination and Remuneration Committee as standing committees. In the 2014/15 financial year, the Supervisory Board also established a “Financing” Project Committee. The respective committees established, carried out detailed analyses of particular matters and reported their findings to the Supervisory Board:

The Audit Committee, consisting of Regina Prehofer (Chairwoman), Gerhard Pichler (finance expert), Georg Riedl, Wolfgang Fleck and Günther Wölfler, focused primarily on the review of the annual and consolidated annual financial statements for the year ended 31 March 2015 and on planning and preparation for the audit of the annual and consolidated annual financial statements for the financial year 2015/16. Through discussions with the Auditor, inspection of relevant documents and discussions with the Management Board, it obtained a comprehensive view. The Audit Committee also monitored the effectiveness of the company-wide internal control system and the Group's internal audit and risk management systems. The Audit Committee reported to the full Supervisory Board with respect to this monitoring and found no deficiencies. The Audit Committee convened twice in the past financial year. The meetings, both of which were attended by all committee members, were chaired by Regina Prehofer, who also was regularly involved in quarterly reporting in this function and reported on these matters to the Supervisory Board.

At the Supervisory Board meeting that took place following the Annual General Meeting on 9 July 2015, the following members of the Supervisory Board were unanimously elected as members of the Nomination and Remuneration Committee: Hannes Androsch (Chairman), Willibald Dörflinger (Deputy Chairman), Georg Riedl, Wolfgang Fleck, Günther Wölfler; accordingly, Karl Fink and Albert Hochleitner departed from this committee. The Nomination and Remuneration Committee met three times in the past financial year. At two of these meetings, Hannes Androsch was represented by Willibald Dörflinger; employee representatives did not take part in two meetings which were exclusively concerned with regulation of the relationship between the company and its Management Board members. One focus of the activities of the Nomination and Remuneration Committee's activities was the further development of the company's remuneration and incentive systems in line with the market.

In financial year 2014/15, the Supervisory Board resolved to establish a Project Committee with respect to the implementation of various measures for debt financing, including providing approval for implementation of the relevant transactions. The Project Committee was empowered to grant all further approvals required from the Supervisory Board for borrowings, as well as the precise terms and conditions in this respect. The Project Committee consisted of Hannes Androsch (Chairman), Willibald Dörflinger, Regina Prehofer, Wolfgang Fleck and Günther Wölfler. The Project Committee met once during the financial year 2015/16, with all committee members taking part, and discontinued its activities on 24 September 2015 – after the Supervisory Board passed a resolution approving a number of debt financing measures as requested by the Management Board and supported by the Project Committee. Subsequently, matters of financing were again discussed exclusively by the full Supervisory Board.

SELF-EVALUATION OF THE SUPERVISORY BOARD The Supervisory Board annually performs self-evaluation, as it did again in the financial year 2015/16, to ensure the continuous improvement of its working practices and the fulfillment of its responsibilities to the shareholders and other stakeholders. The

annual evaluation carried out by the Supervisory Board confirmed that its regular practices meet the requirements of the Austrian Stock Corporation Act and the Austrian Corporate Governance Code (ÖCGK), and that its organisation, work practices and orientation in the interest of the shareholders and all other stakeholders are effective. The self-evaluation will continue to constitute an important component of critical review by the Supervisory Board of its own activities.

ANNUAL FINANCIAL STATEMENT AND DIVIDENDS The Supervisory Board of AT&S proposed that PwC Wirtschaftsprüfung GmbH, Vienna be appointed Company and Group auditors for the financial year 2015/16. The proposal was approved by the Annual General Meeting of 9 July 2015.

The annual financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft and the consolidated financial statements for the year ended 31 March 2016 were both audited by PwC Wirtschaftsprüfung GmbH, Vienna, and were awarded an unqualified audit report. The management report and the Group Management Report for the financial year 2015/16 were consistent with the annual financial statements and the consolidated financial statements. Based on the prior discussions of the Audit Committee, and following its own detailed discussions and examination, the Supervisory Board approved the Company's annual financial statements for the year ended 31 March 2016 in accordance with Section 96 (4) Austrian Stock Corporation Act (AktG). Also based on the prior discussions of the Audit Committee, and after its own detailed consideration and examination, it approved the consolidated financial statements drawn up in accordance with Section 245a Austrian Commercial Code (UGB) and with IFRS, as well as the Management Report, the Group Management Report and the Corporate Governance Report. The Supervisory Board review, which included extensive discussions with the auditors, did not give rise to any objections. Pursuant to the recommendation of the Audit Committee, the Supervisory Board of AT&S will propose to the 22nd Annual General Meeting that PwC Wirtschaftsprüfung GmbH, Vienna be appointed Company and Group auditors for the financial year 2016/17.

The Supervisory Board adopts the Management Board's recommendation for the allocation of profits. Accordingly, from the reported net profit as at 31 March 2016 amounting to € 40,075,119.15 (whereof distributable: € 38,493,735.07), an amount of € 13,986,000.00, which corresponds to € 0.36 per share, should be distributed as dividends. The remaining amount of € 26,089,119.15 should be carried forward.

THANKS TO THE MANAGEMENT BOARD AND ALL AT&S EMPLOYEES The past financial year was particularly challenging, marked by the requirements of the existing business as well as the continued construction, qualification, certification and commissioning of a highly modern new production site for IC substrate technology, which is new for AT&S. Finally, the Supervisory Board would like to express its gratitude and acknowledgement to the entire Management Board and all employees for their outstanding achievements and commitment in the past financial year.

On behalf of the Supervisory Board

Leoben-Hinterberg, 6 June 2016

Hannes Androsch m.p.
Chairman of the Supervisory Board