

# Press Release

## 08/05/2017

**AT&S presents preliminary results of the financial year 2016/17:**

**Growth course continued, earnings negatively influenced by start-up of the new plants in China**

- **Dynamic growth continues: revenue up 6.8%, thus outperforming the market**
- **Highly profitable core business with an EBITDA margin of 25.4% – despite price pressure and temporarily lower capacities**
- **EBITDA negatively influenced by Chongqing start-up effects and price pressure on IC substrates**
- **Outlook 2017/18: stronger revenue growth than in 2016/17, profitability still influenced by start-up effects and market developments**

For AT&S, a global technology leader for high-end printed circuit boards, the financial year 2016/17 was a year with a very positive revenue development. At the bottom line, however, the year was characterised by the longer start-up phase of the IC substrate plant in China and price pressure in a highly competitive environment.

Andreas Gerstenmayer, CEO of AT&S, commented: “The financial year 2016/17 was challenging on our path to our new positioning – from a high-end printed circuit board producer to a provider of high-end connectivity solutions. We are quite satisfied with the development of revenue: high capacity utilisation, continued stable demand in the core business and the first contributions to revenue from Chongqing helped us generate record revenue. Once again, we significantly outperformed the entire market, which declined during the same period. Profitability in the core business is still high, which shows that we are positioned in the right markets with the right customers. The partial upgrade of the Shanghai plant to the next technology generation is proceeding well. However, the start-up of the IC substrate plant in China kept us very busy: by the end of the financial year, the plant for IC substrates had not yet reached the planned output and efficiency level due to technical challenges with the equipment. We have largely resolved the technical issues and clearly improved operationally. Unfortunately, significant price pressure in the area of IC substrates overcompensate this development. The semiconductor industry, which we supply with IC substrates, leaves technology generations in the market for longer than in the past, and demand for the relevant applications such as desktop computers and notebooks continued to decline. We are working on appropriate solutions and are still convinced that this is the right step for profitable growth of AT&S in the future.”

### **Asset, financial and earnings position**

AT&S increased revenue by 6.8% from EUR 762.9 million to EUR 814.9 million in the reporting period as core business was still growing and first revenues were generated with IC substrates, and thus slightly exceeds the forecast for the year.

Based on the start-up effects for the Chongqing project (EUR 71.2 million) and continued price pressure, especially in the area of mobile devices, EBITDA decreased from EUR 167.5 million to EUR 130.9 million. As the Chinese renminbi was lower, exchange rate effects had a positive impact of EUR 26.0 million in EBITDA. Adjusted\* EBITDA amounted to EUR 194.8 million, thus exceeding the high value of the previous year by 8.1%. The EBITDA margin was at 16.1% and thus -5.9 percentage points below the very high prior-year level of 22.0%. The adjusted margin, at 25.4%, clearly exceeded the high adjusted level of 23.7% of the previous year.

Depreciation of property, plant and equipment and amortisation of intangible assets amounted to EUR 124.7 million (previous year: EUR 87.4 million) and increased by EUR 37.3 million, primarily due to the Chongqing project. Consequently, EBIT declined by EUR 70.4 million or -91.4% to EUR 6.6 million. Adjusted\* EBIT rose by 15.3% to EUR 119.0 million (previous year: EUR 103.2 million). The EBIT margin was 0.8% (previous year: 10.1%). The adjusted\* margin amounted to 15.5% and thus exceeded the adjusted prior-year level of 13.6% by 1.9 percentage points.

Finance costs – net deteriorated from EUR -8.1 million to EUR -17.5 million, which was primarily attributable to exchange rate effects. Tax expense remained constant at EUR 12.0 million (previous year: EUR 12.9 million).

The profit for the year dropped from EUR 56.0 million in the previous year to a loss of EUR -22.9 million and earnings per share declined from EUR 1.44 to EUR -0.59.

#### Cash flow and statement of financial position

Cash flow from operating activities before changes in working capital amounted to EUR 90.5 million vs EUR 145.9 million in the previous year. Cash flow from investing activities – investments in the plants under construction in Chongqing, technology investments in other locations and investments in financial assets – amounted to EUR -161.1 million (previous year: EUR -342.2 million.).

Equity decreased by 5.1% to EUR 540.1 million due to the loss for the year and the dividend paid in the amount of EUR 14.0 million. The resulting equity ratio, at 37.6% was -4.7 percentage points below the value of March 31, 2016, as expected.

Net debt rose from EUR 263.2 million at 31 March 2016 to EUR 380.5 million. This expected increase resulted from the high investment activities and the effects related to the start-up of the Chongqing project. The net gearing ratio increased to 70.5% (previous year: 46.3%). AT&S has cash liquid funds totalling EUR 203.5 million available (previous year: EUR 171.9 million). In addition, AT&S has EUR 200.9 million of unused credit lines as a financing reserve.

#### Key financials:

According to IFRS; in EUR million	2015/16 01.04.2015-31.03.2016	2016/17 01.04.2016-31.03.2017	Change
Revenue	762.9	<b>814.9</b>	6.8%
EBITDA	167.5	<b>130.9</b>	-21.9%
EBITDA margin (in %)	22.0	<b>16.1</b>	-
EBITDA adjusted*	180.2	<b>194.8</b>	8.1%
EBITDA margin adjusted (in %)*	23.7	<b>25.4</b>	-
EBIT	77.0	<b>6.6</b>	-91.4%
EBIT margin (in %)	10.1	<b>0.8</b>	-

According to IFRS; in EUR million	2015/16 01.04.2015-31.03.2016	2016/17 01.04.2016-31.03.2017	Change
EBIT adjusted*	103.2	119.0	15.3%
EBIT margin adjusted (in %)*	13.6	15.5	-
Profit/loss for the year	56.0	-22.9	> -100%
Cash flows from operating activities before changes in working capital	145.9	90.5	-38.0%
Net CAPEX	254.3	240.7	-5.3%
Equity ratio	42.3	37.6	-
Net debt	263.2	380.5	44.6%
Earnings per average number of shares outstanding (in EUR)	1.44	-0.59	> -100%

#### Mobile Devices & Substrates segment with revenue growth; earnings still influenced by Chongqing start-up effects

The increase in revenue by 6.2% to EUR 573.0 million in the Mobile Devices & Substrates segment is primarily based on revenue from Chongqing. Compared with the previous year, the segment's EBITDA declined by EUR 57.9 million or -45.8% to EUR 68.5 million due to start-up effects of the Chongqing project, the substantial increase in price pressure on IC substrates and the lost capacities in the fourth quarter resulting from a partial upgrade of the Shanghai plant. The EBITDA margin amounted to 12.0% (previous year: 23.4%). The adjusted\* EBITDA was EUR 135.7 million (previous year: EUR 139.6 million), resulting in an adjusted\* EBITDA margin of 25.9%, which is at the prior-year level of 26.0%.

#### Automotive, Industrial, Medical segment with increases in revenue and earnings

In the Automotive, Industrial, Medical segment, revenue was up 7.6% to EUR 351.5 million. This positive development affected all sectors, with Automotive and Industrial recording product-mix-related revenue growth, while Medical grew in both qualitative and quantitative terms. EBITDA rose by 71.1% to EUR 51.5 million, which was a result of operational improvements and the release of provisions for restructuring. The EBITDA margin thus amounted to 14.6% after 9.2% in the previous year. The adjusted\* EBITDA was EUR 48.1 million, which corresponds to an EBITDA margin of 14.0% (previous year, adjusted: 9.2%).

#### Status Chongqing

As at 31 March 2017, AT&S invested EUR 455.3 million in the Chongqing project. The significant operational improvements in the IC substrate plant, which had already been achieved, were overcompensated by price pressure. The second production line was started in December 2016 and is running according to plan. Both lines should reach the planned output and efficiency level in the second half of 2017. In plant 2, the first production line is being converted to the mSAP technology, while the second production line for mSAP is undergoing qualification.

### Outlook for the financial year 2017/18

AT&S is convinced to have taken the right steps for a broader positioning in a changing supply chain with its strategic focus on high-end technologies and applications in the existing business as well as with the establishment of an expanded technology portfolio based on IC substrates and the next technology generation (mSAP).

The transformation from a high-end printed circuit board producer to a high-end interconnect solutions provider is a prerequisite for future profitable growth, since only through continuous technology advancements and the corresponding investments will AT&S be able to secure its position as tier-one supplier for technology and world market leaders.

Effects of the financial year 2016/17 will continue and also influence the business development in 2017/18: the market development for IC substrates, based on the deceleration of Moore's Law, and lower demand for computing applications (desktop computers, notebooks) lead to continued price pressure on IC substrates. Serial production for the next technology generation (mSAP) for mobile devices will start in the second quarter of the financial year 2017/18; this technology is currently being installed in Shanghai and in the second plant in Chongqing with the aim to continue to position AT&S as a leading supplier for mobile devices. In its core business, AT&S expects continuous demand in all customer segments in an extremely competitive environment.

Provided that the macroeconomic environment remains stable and the USD-EUR currency relation stays at a similar level as in the past financial year, AT&S expects an increase in revenue of 10-16% for the financial year 2017/18. The EBITDA margin should range between 16-18% based on the market developments for IC substrates and the ramp of the new technology generation (mSAP). Higher depreciation for mainly new production lines of additional ~EUR 25 million in the financial year 2017/18 will impact EBIT.

### AT & S Austria Technologie & Systemtechnik AG - First choice for advanced applications

AT&S is the European market leader and one of the globally leading manufacturers of high-value printed circuit boards and IC substrates. AT&S industrialises leading-edge technologies for its core business segments Mobile Devices, Automotive, Industrial, Medical and Advanced Packaging. As an international growth enterprise, AT&S has a global presence, with production facilities in Austria (Leoben and Fehring) and plants in India (Nanjangud), China (Shanghai, Chongqing) and Korea (Ansan, near Seoul). The company employed an average of 9,526 people in the financial year 2016/17. For more information [www.ats.net](http://www.ats.net)

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