

# Press Release

## 30/01/2017

### Financial year 2016/17:

### AT&S with increased revenue in the first nine months and operational improvements at the new plant in China

- Continued good demand in all key customer segments
- In the core business, AT&S increased relative profitability
- Revenue 5.3% above the strong prior-year level; third quarter was on record level
- EBITDA adjusted for the start-up effects from Chongqing rose by 8.5% compared with the previous year, the adjusted EBITDA margin was at 26.0%; the non-adjusted figures were still influenced by the start-up effects from Chongqing
- Further operational improvements in the ramp-up of the new IC substrate plant in China

AT&S, one of the global technology leaders for high-end printed circuit boards, records an increase in revenue and a clear plus in earnings in the first nine months compared with the very high level of the previous year and adjusted for the start-up effects in China.

Andreas Gerstenmayer, CEO of AT&S, commented: “The repositioning of AT&S from a pure printed circuit board manufacturer to a much broader-based provider of high-end connectivity solutions is continuing. We achieved significant improvements in the operational performance in the new IC substrate plant in China. Both production volume and yield have increased considerably. We are still faced with challenges because the transformation in the semiconductor industry, the customer segment for IC substrates, with the related changes in the product and technology cycles, also has an impact on AT&S. This influences the product mix and the achievable price levels significantly. The upgrade of parts of the Shanghai plant to the next generation of technology for high-end printed circuit boards has considerably progressed, and serial production is scheduled to start in the second half of calendar year 2017. Both technology topics are essential for the future positioning and the success of AT&S. In contrast, the development in the core business is very satisfactory, with very good demand and the usual seasonality.”

#### Asset, financial and earnings position

AT&S exceeded the very good revenue figures of the previous year in the first nine months. At EUR 615.1 million, revenue was 5.3% higher than in the prior-year period.

Based on the start-up effects of the Chongqing project (EUR 51.6 million), EBITDA decreased by EUR 38.1 million or -27.2% from EUR 140.2 million to EUR 102.1 million in the first nine months. Adjusted for these start-up effects, EBITDA amounted to EUR 153.7 million, up 8.5% on the high prior-year value, based on running cost savings and positive currency effects. The EBITDA margin was at 16.6%, down -7.4 percentage points on the very high prior-year level of 24.0%. Adjusted for the Chongqing project, the margin, at 26.0%, significantly exceeds the high adjusted level of 24.4% in the previous year.

Depreciation of property, plant and equipment and amortisation of intangible assets increased to EUR 90.3 million (prior-year period: EUR 64.2 million) based on the Chongqing project. Consequently, EBIT decreased by EUR 64.3 million from EUR 76.1 million to EUR 11.8 million. Adjusted for the Chongqing project, EBIT amounted to EUR 97.2 million, thus

exceeding the adjusted prior-year value by EUR 13.4 million. The EBIT margin was 1.9% (prior-year period: 13.0%). The adjusted margin amounted to 16.4%, and was 1.9 percentage points higher than the adjusted prior-year level of 14.5%.

Finance costs dropped from EUR -2.7 million to EUR -18.6 million, which was among other things due to higher gross interest expenses and negative currency effects. The estimates for feasibility of deferred taxes were adjusted and led to increased tax expenses of total EUR 13.0 million in the first nine months of 2016/17.

The profit for the period decreased by EUR 79.9 million from EUR 60.2 million in the prior-year period to a loss for the period of EUR -19.7 million due to the start-up effects of the Chongqing project and the significantly higher negative financial result. This resulted in a decline in earnings per share from EUR 1.55 in the prior-year period to EUR -0.51.

#### **Cash flow and statement of financial position**

Cash flow from operating activities before changes in working capital amounted to EUR 74.5 million vs EUR 123.4 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 -108.7 million (prior-year period: EUR -175.7 million).

Equity decreased by 3.9% from EUR 568.9 million to EUR 546.8 million due to the loss for the period and the dividend paid of EUR 14.0 million. The resulting equity ratio, at 38.1%, was -4.2 percentage points lower than the value at 31 March 2016 as expected.

Net debt rose by EUR 188.6 million from EUR 263.2 million at 31 March 2016 to EUR 451.8 million. This expected increase resulted from the high investment activities and the increase in working capital, which cannot be financed from the cash flow from operating result. Consequently, the net gearing ratio, at 82.6% at 31 December 2016, was clearly higher than at 31 March 2016 (46.3%). In total, AT&S has cash and cash equivalents of EUR 166.0 million available or available in the short term to continue financing the start-up phase of the Chongqing projects as well as other necessary investments in the current financial year. In addition, AT&S has EUR 223.8 million of unused credit lines as a financing reserve.

Key financials:

According to IFRS; in EUR million	Q1-3 2015/16 01.04.-31.12.2015	Q1-3 2016/17 01.04.-31.12.2016	Change
Revenue	584.3	<b>615.1</b>	5.3%
EBITDA	140.2	<b>102.1</b>	-27.2%
EBITDA margin (in %)	24.0	<b>16.6</b>	-
EBITDA adjusted <sup>1)</sup>	141.6	<b>153.7</b>	8.5%
EBITDA margin adjusted (in %) <sup>1)</sup>	24.4	<b>26.0</b>	-
EBIT	76.1	<b>11.8</b>	-84.4%
EBIT margin (in %)	13.0	<b>1.9</b>	-
EBIT adjusted <sup>1)</sup>	83.8	<b>97.2</b>	16.0%
EBIT margin adjusted (in %) <sup>1)</sup>	14.5	<b>16.4</b>	-
Profit/loss for the year	60.2	<b>-19.7</b>	> -100%
Cash flows from operating activities before changes in working capital	123.4	<b>74.5</b>	-39.6%
Net CAPEX	176.9	<b>192.3</b>	8.7%
Equity ratio	42.3 <sup>2)</sup>	<b>38.1</b>	-
Net debt	263.2 <sup>2)</sup>	<b>451.8</b>	71.7%
Earnings per average number of shares outstanding (in EUR)	1.55	<b>-0.51</b>	> -100%

<sup>1)</sup> Adjusted for the Chongqing project.

<sup>2)</sup> At 31.03.2016.

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

Demand for high-end printed circuit boards for mobile devices was very good in the first nine months, but characterised by significantly stronger seasonality in the first quarter compared with the same period of the previous year. Revenue from IC substrates overcompensated this development. Consequently, revenue amounted to EUR 438.6 million in the first nine months of 2016/17, up 4.5% on the figure of the previous year, slightly influenced by negative currency translation effects. Due to the start-up effects of the Chongqing project and the significantly increased price pressure for IC substrates, due to major technology and product mix changes, EBITDA declined by EUR 53.0 million or -48.6% compared with the prior-year period and amounted to EUR 56.1 million. Adjusted for the Chongqing effect, EBITDA amounted to EUR 103.7 million (prior-year period: EUR 111.5 million). This results in an adjusted EBITDA margin of 25.0%, which is lower than the 26.7% in the previous year.

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

Revenue in this segment rose by 6.2% from EUR 246.7 million to EUR 262.0 million. The main drivers were still revenues from high-end printed circuit boards in the Automotive sector, which reflects the trend towards more electronic components in vehicles, and massively growing revenue in the Medical sector. Revenue in the Industrial sector slightly exceeded the high level of the previous year. EBITDA rose by 48.3% from EUR 24.9 million to EUR 37.0 million. The EBITDA margin increased by 4.0 percentage points to 14.1%, thus clearly exceeding the prior-year level. The segment's result also benefited from the reversal of a provision for unused building space, as this space is now used again. Adjusted for the share in the start-up effects of the Chongqing project, EBITDA amounts to EUR 41.0 million and the adjusted EBITDA margin to 16.0% (prior-year period, adjusted: 9.8%).

### **Status Chongqing: Operational improvements at the plant for IC substrates; good progress at plant 2 for substrate-like printed circuit boards**

As at 31 December 2016, AT&S invested EUR 428.0 million in the Chongqing project. The optimisation of the highly complex production facilities for IC substrates still causes a flatter ramp-up although there have been significant operational improvements, which have led to a higher volume output and yield. The ramp of the second production line started in December 2016. The first production line for substrate-like printed circuit boards is running at high capacity and good performance, the second production line is in installation.

### **Outlook for the financial year 2016/17**

AT&S expects the usual seasonality for the fourth quarter of 2016/17. 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, price pressure for IC substrates continues.

Provided that the macroeconomic environment remains stable, the USD-EUR currency relation stays at a similar level as in the past financial year 2015/16 and demand is stable in the core business, AT&S expects an increase in revenue of 4-6% for the current financial year 2016/17. The EBITDA margin should range between 15-16% primarily based on the start-up costs for the plants in Chongqing. However, the EBITDA margin in the core business should be at a similar level as in the financial year 2015/16. Higher depreciation and amortisation of an additional EUR 40 million for the Chongqing project in the financial year 2016/17 will have a significant influence on 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. 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 8,759 people in the financial year 2015/16. For more information: [www.ats.net](http://www.ats.net)

#### **Press contact:**

Elke Koch, Director Investor Relations & Communications

Tel: +43 3842 200-5925; Mobile: +43 676 8955 5925; [e.koch@ats.net](mailto:e.koch@ats.net), [www.ats.net](http://www.ats.net)

Marina Konrad, Head of Corporate Communications

Tel: +43 3842 200-5423; Mobile: +43 676 8955 5423; [m.konrad@ats.net](mailto:m.konrad@ats.net), [www.ats.net](http://www.ats.net)