AT & S Austria Technologie & Systemtechnik Aktiengesellschaft

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Quarterly Report

Leoben - AT&S reports increase in revenue and excellent profitability in the first nine months

* Broad product portfolio supports positive business development
* Very strong demand for IC substrates and in the Medical & Healthcare segment
* Weaker demand in Mobile Devices in the third quarter
* Slight increase in revenue to EUR 790.1 million
* EBITDA up nearly 16% mainly due to efficiency increases
* Better profitability with an EBITDA margin of 27.9% and an EBIT margin of 15.4%
* Outlook for 2018/19: revenue growth of around 3% and EBITDA margin of 24 to 26%

In comparison with the same period of the previous year, AT&S increased revenue and significantly improved earnings. "After a very positive first half-year, the demand for mobile devices declined towards the end of the third quarter. Thanks to the broad product, technology and customer portfolio, we were nevertheless able to match the exceptionally high level of the previous year," AT&S CEO Andreas Gerstenmayer commented on the current development.

Accumulated revenue rose by 3.2% from EUR 765.9 million to EUR 790.1 million. Sales increases for IC substrates and in the Medical & Healthcare segment partially offset the decline in demand recorded in the Mobile Devices, Automotive and Industrial segments in the third quarter. Exchange rate effects, especially the weaker US dollar, had a negative impact on the revenue development. Positive effects resulted from the application of the new accounting standard (IFRS 15).

EBITDA increased by 15.9% from EUR 190.3 million to EUR 220.5 million. The increase primarily results from efficiency and productivity improvements, the absence of the start-up costs incurred in Chongqing in the previous year and a favourable product mix. This result was supported by positive currency effects. The EBITDA margin amounted to 27.9% in the first nine months, an increase of 3.1 percentage points compared to the previous year level of 24.8%.

EBIT improved from EUR 88.8 million to EUR 121.5 million. The EBIT margin amounted to 15.4% (previous year: 11.6%).
Finance costs - net improved significantly from EUR -11.3 million to EUR -2.6 million. Although gross debt was substantially higher than in the previous year, gross interest expenses, at EUR 9.6 million, were lower than the prior-year level of EUR 10.8 million due to optimisation measures carried out subsequent to the hybrid bond. Interest income of EUR 3.1 million exceeded the prior-year level of EUR 0.7 million. This increase resulted primarily from the improved interest environment in the USD area. Exchange rate effects had a positive impact of EUR 6.5 million on finance costs (previous year: income of EUR 2.0 million).
Statement of financial position and cash flow
Based on this increase in equity and the higher total assets resulting from the

issue of the promissory note loan, the equity ratio, at 42.9%, was 3.6 percentage points lower compared to 31 March 2018. Net debt declined by 34.7% from EUR 209.2 million to EUR 136.7 million. Cash flow from operating activities amounted to EUR 153.2 million in the first nine months of the financial year 2018/19 (previous year: EUR 121.0 million).

Acc. to IFRS; (in EUR million)	Q1-3 2017/18 01.04.-31.12.2017	Q1-3 2018/19 01.04.-31.12.2018	Change
Revenue	765.9	790.1	3.2%
EBITDA	190.3	220.5	15.9%
EBITDA margin (in %)	24.8	27.9	
EBIT	88.8	121.5	36.9%
EBIT margin (in %)	11.6	15.4	
Profit for the period	47.8	92.3	93.1%
Cash flow from operating activities	121.0	153.2	26.6%
Net CAPEX	124.6	63.2	-49.3%
Equity ratio (in %)	46.5*	42.9**	-
Net debt	209.2*	136.7**	-34.7%
Earnings per average number of shares outstanding (in EUR)	1.21	2.21	83.2%

* At 31.03.2018 ** At 31.12.2018

Mobile Devices & Substrates segment increases profitability
Although the positive business development continued, the demand for mobile devices started to weaken in the third quarter of 2018/19. The segment benefited primarily from a higher-value product portfolio of IC substrates. Accordingly, the segment's revenue increased by 3.7% from EUR 580.0 million to EUR 601.5 million. Exchange rate effects had a negative impact of EUR 10.8 million on the reported revenue.

EBITDA improved by 14.1% from EUR 155.3 million to EUR 177.2 million. The significant increase in earnings primarily resulted from the successfully implemented efficiency and productivity improvement measures and the absence of start-up costs in Chongqing. This effect was supported by a higher-value product portfolio of IC substrates and positive currency effects. Overall, the segment recorded an EBITDA margin of 29.5%, which significantly exceeded the comparative value of 26.8% in the prior-year period.

Automotive, Industrial, Medical segment at the level of the previous year
The segment's revenue, at EUR 270.6 million, was at the level of the previous year. Strong demand was recorded in the Medical & Healthcare sector in the first nine months, while demand in the other two sectors was slightly weaker.

The segment's EBITDA, at EUR 38.3 million, exceeded the prior-year figure of EUR 32.3 million by EUR 6.0 million. The contribution to earnings from a better product mix and positive currency effects compensated for a decline in volume.

Outlook for the financial year 2018/19
Based on the current market development, especially the current weakness in demand in the Mobile Devices and Automotive segments, the Management Board now expects revenue growth of around 3% for the financial year 2018/19 (previously 6 to 8%). The Management Board confirms an EBITDA margin of 24 to 26%, which is supported primarily by efficiency and productivity improvement measures and a higher-value product portfolio of IC substrates.

Based on investments for the second expansion phase at plant 1 in Chongqing leading to cash outflows at a later time, total investments will amount to roughly EUR 100 to 120 million for the financial year 2018/19 (previously roughly EUR 140 to 160 million), with maintenance investments still expected at the planned level.

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