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EANS-Adhoc: AT & S Austria Technologie & Systemtechnik Aktiengesellschaft / AT&S achieves record revenue and EBITDA levels again in 2018/19

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Financial Figures/Balance Sheet

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Leoben - AT&S achieves record revenue and EBITDA levels again in 2018/19

- * Broad product portfolio supports positive business development
- * Very strong demand for IC substrates and in the Medical & Healthcare segment
- * Revenue at a record level for the ninth consecutive time: EUR 1,028 million
- * EBITDA rises to EUR 250 million thanks to increase in productivity
- * Earnings per share increased from EUR 1.38 to EUR 2.08
- * Dividend proposal increased by 66.7% to EUR 0.60
- * Management Board expects stable development for 2019/20 despite high volatility

In a highly challenging market environment, AT&S increased revenue and earnings again in the financial year 2018/19. After a strong first half-year, demand recorded a market-related decline in the Mobile Devices, Automotive and Industrial segments in the second half of the year. In contrast, the IC substrates and Medical Technology segments developed very positively throughout the entire year.

The Group's revenue rose by 3.6% to EUR 1,028.0 million in 2018/19 (previous year: EUR 991.8 million). The effects resulting from the implementation of the new IFRS 15 led to an increase in reported revenue by EUR 22.5 million. In the course of the year revenue developed according to the usual seasonal cycle. Revenues in the second and third quarters were significantly higher than the first and fourth quarters.

EBITDA amounted to EUR 250.1 million, significantly exceeding the prior-year figure of EUR 226.0 million. The EBITDA margin rose to 24.3% (previous year: 22.8%). The positive earnings development primarily resulted from efficiency and productivity increases, positive valuation effects due to the development of the US dollar exchange rate and the application of the new reporting standard IFRS 15.

The operating result (EBIT) increased significantly by 29.8% to EUR 117.2 million (previous year: EUR 90.3 million) due to the above-mentioned effects. The EBIT margin rose to 11.4% (previous year: 9.1%).

Finance costs - net improved from EUR -14.8 million to EUR -2.0 million due to positive exchange rate effects and a higher volume of time deposits. The Group's tax expense amounted to EUR 28.2 million (previous year: EUR 19.0 million). Profit for the year consequently rose from EUR 56.5 million to EUR 86.9 million. Earnings per share improved to EUR 2.08 (previous year: EUR 1.38). In the calculation of earnings per share, the net expense for interest on hybrid capital in the amount of EUR 6.2 million (previous year: EUR 2.9 million) was deducted from the profit for the year.

Statement of financial position and cash flow

Cash flow from operating activities amounted to EUR 170.5 million in the financial year 2018/19 (previous year: EUR 143.2 million). Based on the very

good operating development, AT&S was able to finance all investments in property, plant and equipment by current business activities.

Due to the increase in total assets resulting from the issue of the promissory note loan, the equity ratio, at 45.0% (previous year: 46.5%), was lower than at 31 March 2018. Net debt decreased by 28.2% to EUR 150.3 million (previous year: EUR 209.2 million). The decline results from the positive operating free cash flow.

Net gearing dropped significantly from 29.4% to 18.7%. The ratio net debt/ EBITDA, which reflects the notional repayment period, improved from 0.9 years to 0.6 years due to the decline in net debt and continued to be significantly below the defined maximum of 3.0 years.

Attractive return for shareholders

Based on the good performance of the past years and record results in the financial year 2018/19, the Management intends to propose a dividend of EUR 0.60 per share.

Acc. to IFRS; (in EUR million)	2017/18 01.04.2017- 31.03.2018	2018/19 01.04.2018- 31.03.2019	Change
Revenue	991.8	1,028.0	3.6%
EBITDA	226.0	250.1	10.7%
EBITDA margin (in %)	22.8	24.3	
EBIT	90.3	117.2	29.8%
EBIT margin (in %)	9.1	11.4	
Profit for the year	56.5	86.9	53.8%
Cash flow from operating activities	143.2	170.5	19.1%
Net CAPEX	141.7	100.8	-28.8%
Equity ratio (in %)	46.51*	45.02**	-
Net debt	209.21*	150.32**	-28.2%
Earnings per share (in EUR)	1.38	2.08	50.7%

*) As of 31.03.2018 **) As of 31.03.2019

Mobile Devices & Substrates segment benefits from higher-value product portfolio While business in general developed positively in 2018/19, mobile devices recorded a market-related decline in the second half of the financial year. At the same time, the segment primarily benefited from a significantly higher sales volume and a higher-value product portfolio of IC substrates. Accordingly, the segment's revenue increased by 5.0% to EUR 776.0 million (previous year: EUR 738.9 million).

The segment's EBITDA rose by 8.1% from EUR 179.0 million in the previous year to EUR 193.5 million. The increase in EBITDA resulted from the good operating performance at the Chongqing site and a positive exchange rate development. At 24.9%, the segment's EBITDA margin exceeded the prior-year figure of 24.2%.

Automotive, Industrial, Medical segment at the level of the previous year With an revenue of EUR 365.2 million (previous year: EUR 364.9 million), the Automotive, Industrial, Medical segment remained stable at the previous year's

level. While the Automotive and Industrial sectors recorded slightly weaker demand, growth in the Medical sector was very strong.

The segment's EBITDA amounted to EUR 52.6 million (previous year: EUR 46.8 million), up 12.4% on the previous year. This increase is attributable to a better product mix and positive exchange rate effects. The EBITDA margin rose by 1.6 percentage points to 14.4% (previous year: 12.8%).

Medium-term growth trajectory to be continued with new market potentials. Miniaturisation and functional integration will continue to be the trends in the electronics industry in the future. In addition, the necessity of the shortest possible time to market is growing due to shorter life cycles of new products. The combination of these trends will increase modularisation in electronics in the coming years.

This means that integrated functional modules will be developed which feature a defined performance spectrum and can therefore be used in different applications and devices. The use of these predeveloped modules results in significant potential for the suppliers of devices to further reduce the time to market. This development will lead to fundamental changes in the supply chain of the electronics industry. Based on the modules' high integration density, a wide variety of technologies will be used for the production of the modules.

As part of its "More than AT&S" strategy, the company intends to participate as best possible in this market, which will grow substantially (CAGR of approx. 12%) in the coming years. To do so, AT&S is expanding its position in the value chain and opening up additional business opportunities by entering another market segment. The resulting effects are further highly promising growth opportunities in a high-tech market segment, further diversification of the application and customer portfolio and early positioning in an important future market.

AT&S has consistently prepared for this trend in the past years and built the technology toolbox required for the implementation of the strategy. Within the strategy "More than AT&S", the company will continue to review all possibilities for the set-up of further required technologies and capabilities in the future. In doing so, both organic and non-organic measures will be considered.

In summary this means: while the year 2019 will bring certain challenges in the short term due to the economic and global political environment, AT&S will still remain well on track. The company's development opportunities continue to be very positive so that the Management Board expects AT&S to implement its growth strategy successfully in the coming years.

Outlook 2019/20: Stable revenue and EBITDA margin within the range of 20-25%. Based on the weak demand for smartphones, in the automotive and industrial sector, which has been visible since the second half of the year 2018/19, the persisting volatile market environment and low visibility, the market is still characterised by a high level of uncertainty at the beginning of 2019/20.

In view of this market environment, the Management Board nevertheless expects a stable revenue development for the full year and an EBITDA margin within the range of 20 to 25% in accordance with the medium-term guidance, provided that there is no significant deterioration in the framework conditions (economic policy and exchange rates). In addition to the usual seasonality throughout the year, the first half-year in particular is expected to be burdened by uncertainty in the market.

Investment activities in FY 2019/20

As a result of the capacity expansion in the area of IC substrates, which has

already been communicated and was started in the financial year 2018/19, roughly EUR 80 million will become cash-effective in the current period. Basic investments (maintenance and technology upgrades) are planned in the range of EUR 80 to 100 million. Depending on the market development, an additional EUR 100 million for capacity and technology expansions could be incurred.

Further inquiry note:

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