



HALF-YEAR FINANCIAL REPORT
2019/20

2019/20

FIRST CHOICE
FOR
ADVANCED
APPLICATIONS



HIGHLIGHTS H1 2019/20

- Well on track at the operating and strategic level
- Macroeconomic environment partially burdens earnings
- Market for mobile devices was characterised by lower start-up of the new smartphone generation
- Half-year revenue down slightly by 5%, EBITDA margin, at 20.6%, in the target range
- Annual and medium-term guidance confirmed

KEY FIGURES

	Unit	H1 2018/19	H1 2019/20	Change in %
Revenue	€ in millions	516.9	490.3	(5.1 %)
EBITDA	€ in millions	138.3	101.1	(26.9 %)
EBITDA margin	%	26.8 %	20.6 %	–
EBIT	€ in millions	71.9	29.4	(59.2 %)
EBIT margin	%	13.9 %	6.0 %	–
Profit/(loss) for the period	€ in millions	55.4	19.5	(64.7 %)
ROCE	%	12.0 %	3.4 %	–
Net CAPEX	€ in millions	37.9	92.0	>100%
Cash flow from operating activities	€ in millions	58.0	62.2	7.2 %
Operating free cash flow	€ in millions	20.1	(29.8)	–
Earnings per share	€	1.32	0.40	(70.0 %)
Employees ¹⁾	–	9,735	10,126	4.0 %

BALANCE SHEET DATA

		31 Mar 2019	30 Sep 2019	
Total assets	€ in millions	1,784.1	1,809.7	1.4 %
Total equity	€ in millions	803.5	768.4	(4.4 %)
Equity ratio	%	45.0 %	42.5 %	(5.7 %)
Net debt	€ in millions	150.3	233.7	55.5 %

¹⁾ incl. contract staff, average

CORPORATE GOVERNANCE INFORMATION

25TH AT&S ANNUAL GENERAL MEETING

The 25th Annual General Meeting of AT & S Austria Technologie und Systemtechnik Aktiengesellschaft (AT&S) on 4 July 2019 adopted a dividend of € 0.60 per no par share entitled to dividend for the financial year 2018/19.

In addition, the members of the Management Board and the Supervisory Board were granted discharge for the financial year 2018/19 at the Annual General Meeting.

In accordance with the proposal of the Management Board and the Supervisory Board, the remuneration of the Supervisory Board for the financial year 2018/19 was set at a total of € 397,327.00.

After expiry of their regular term of office, Karin Schaupp, Regina Prehofer and Georg Riedl were re-elected to the Supervisory Board. Gerhard Pichler stepped down after serving on the Supervisory Board for ten years. The company and the Supervisory Board expressed their thanks for his long-standing competent work. Gertrude Tumpel-Gugerell was elected to the Supervisory Board for the first time. The members of the Supervisory Board were elected for the maximum period in accordance with the Articles of Association (that is until the end of the Annual General Meeting which resolves on granting discharge for the financial year 2023/24).

PwC Wirtschaftsprüfung GmbH, Vienna, was appointed auditor and Group auditor for the financial year 2019/20.

DIRECTORS' DEALINGS

On 5 May 2019, Monika Stoisser-Göhring, CFO of AT&S purchased 4,000 shares of AT&S. The transaction was duly published on 5 May 2019. The average price amounted to € 13.90775 and the total value of the shares purchased amounted to € 55,631.0. After completion of the transaction, Monika Stoisser-Göhring holds 6,000 shares of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft.

GROUP INTERIM MANAGEMENT REPORT

BUSINESS DEVELOPMENTS AND SITUATION

In the first six months of the financial year 2019/20 AT&S held its ground well in a challenging market environment. However, with revenue of € 490.3 million, the revenue of € 516.9 million recorded in the comparative period of the previous year was not reached (deviation € 26.5 million or -5.1%). Increases in sales volume in the IC substrates and Medical & Healthcare segment had a positive impact on revenue. Automotive segment maintained the level of the previous year despite a difficult market environment. However, dampening effects resulting from lower demand in the course of the start-up of the latest generation of smartphones and a changed product mix in the Mobile Devices segment as well as a decline in demand in the Industrial segment were only partially offset. The challenging market situation also led to higher pressure on prices in the Automotive and Industrial segments.

Exchange rate effects, especially the stronger US dollar, had a negative positive impact of € 18.6 million or 3.9% on revenue.

The portion of revenue from products made in Asia remained unchanged at 86% in the current financial year.

Earnings declined as expected in the first half of the financial year: EBITDA decreased by € 37.2 million or -26.9% to € 101.1 million. The reasons for the current figures are related to both in the market and substantial future investments for the strategic expansions of business.

In preparation for future technology generations and in line with the modularisation strategy, AT&S increasingly invested in research & development. These expenditures make the company future-proof and significantly expand the earnings potential in the medium term.

The EBITDA margin amounted to 20.6% in the first six months, down -6.2 percentage points on the prior-year figure of 26.8%.

Depreciation and amortisation increased by € 5.4 million or 8.1% to € 71.7 million, of which € 1.8 million is attributable to the first-time application of IFRS 16 "Leases" and the resulting depreciation of rights-of-use assets, which are recognised under property, plant and equipment. For details regarding the effects of the first-time adoption of IFRS 16 please refer to the notes of the interim report.

EBIT dropped by € 42.5 million from € 71.9 million to € 29.4 million. The EBIT margin amounted to 6.0% (previous year: 13.9%).

Finance costs – net increased from € -0.1 million to € 2.8 million. Gross interest expenses, at € 5.4 million, were € 0.9 million lower than the prior-year level of € 6.3 million due to optimisation measures carried out. Interest income amounted to € 3.7 million, up € 2.0 million on the prior-year level of € 1.7 million. This increase resulted from the higher USD investment volume. Exchange rate effects had a positive impact of € 6.6 million on finance costs in the first six months (previous year: income of € 6.3 million).

Result key data

€ in millions (unless otherwise stated)

	H1 2019/20	H1 2018/19	Change in %
Revenue	490.3	516.9	(5.1 %)
Operating result before interest, tax, depreciation and amortisation (EBITDA)	101.1	138.3	(26.9 %)
EBITDA margin (%)	20.6 %	26.8 %	
Operating result (EBIT)	29.4	71.9	(59.2 %)
EBIT margin (%)	6.0 %	13.9 %	
Profit/(loss) for the period	19.5	55.4	(64.7 %)
Earnings per share (€)	0.40	1.32	(70.0 %)
Additions to property, plant and equipment and intangible assets	100.6	37.6	>100%
Average number of staff (incl. leased personnel)	10,126	9,735	4.0 %

Income tax expenses amounted to € 12.7 million in the first six months (previous year: € 16.5 million). The change in the effective tax rate (based on net profit for the period) resulted from the changed composition of earnings (different shares in earnings of the individual companies in countries with different tax rates).

Due to the significantly lower operating result and the improvement in finance costs – net, profit for the period was down € 35.9 million, from € 55.4 million to € 19.5 million. As a result, earnings per share decreased from € 1.32 to € 0.40. Interest on hybrid capital of € 4.2 million (previous year: € 4.2 million) was deducted in the calculation of earnings per share.

BUSINESS DEVELOPMENT BY SEGMENTS

The AT&S Group breaks its operating activities down into three segments: Mobile Devices & Substrates, Automotive, Industrial, Medical, and Others. For further information on the segments and segment reporting please refer to the Annual Report 2018/19.

The embedding technology, which was reported in the Others segment in the previous year, is now split up between the Mobile Devices & Substrates and Automotive, Industrial, Medical segments (previous year: share of 0.5% in external revenue). The share of the Mobile Devices & Substrates segment in total external revenue rose from 67.1% to 67.3% (taking into account the embedding technology). The share of the Automotive, Industrial, Medical segment rose to 32.7% (previous year: 32.4%).

Mobile Devices & Substrates segment The segment's revenue decreased by € 12.0 million or -3.1%, from € 391.5 million to € 379.5 million. Lower demand in the course of the start-up of the latest generation of mobile devices and a changed product mix were only partially offset by a volume increase in the IC substrates segment.

EBITDA fell by € 32.0 million or -28.8% from € 111.2 million to € 79.2 million due to the lower sales volume and the resulting underutilisation as well as a less favourable product mix.

Overall, this resulted in an EBITDA margin of 20.9%, which was significantly lower the comparative value of 28.4% in the prior-year period.

The segment's depreciation and amortisation increased by € 2.4 million or 4.2% from € 56.6 million to € 59.0 million and includes depreciation of € 0.6 million on right-of-use assets recognised under property, plant and equipment pursuant to IFRS 16.

EBIT amounted to € 20.2 million, down € 34.4 million on the prior-year value of € 54.6 million. The EBIT margin was 5.3% (previous year: 13.9%).

The additions to assets were related to technology upgrades at the sites in Shanghai and Chongqing.

Automotive, Industrial, Medical Segment The segment's revenue, at € 178.6 million, was at the level of the previous year (€ 178.9 million). Strong demand was recorded above all in the Medical & Healthcare sector in the first six

Mobile Devices & Substrates segment – overview

€ in millions (unless otherwise stated)

	H1 2019/20	H1 2018/19	Change in %
Segment revenue	379.5	391.5	(3.1 %)
Revenue from external customers	329.8	346.7	(4.9 %)
Operating result before interest, tax, depreciation and amortisation (EBITDA)	79.2	111.2	(28.8 %)
EBITDA margin (%)	20.9 %	28.4 %	
Operating result (EBIT)	20.2	54.6	(63.1 %)
EBIT margin (%)	5.3 %	13.9 %	
Additions to property, plant and equipment and intangible assets	80.8	25.4	>100%
Employees (incl. leased personnel), average	7,159	6,826	4.9 %

months. The Automotive and Industrial segments were faced with a difficult environment, which led to a decline in demand in the Industrial segment.

The segment's EBITDA, at € 18.9 million, was down € 5.5 million on the prior-year figure of € 24.4 million, in particular due to the challenging market situation in the Automotive and Industrial segments and the resulting increasing price pressure.

Due to these effects, the EBITDA margin declined by 3.0 percentage points from 13.6% to 10.6%.

The segment's depreciation and amortisation rose by € 2.3 million or 25.3% from € 9.1 million to € 11.4 million and included depreciation of € 0.9 million resulting from the first-time application of IFRS 16.

EBIT declined by € 7.8 million from € 15.3 million to € 7.5 million.

Others Segment The Others segment is primarily characterised by trading and holding activities. The earnings of the general holding activities included in the Others segment were higher than in the previous year. The Embedding technology, which was recognised in the Others segment in the previous year, is now split up between the Mobile Devices & Substrates, and Automotive, Industrial, Medical segments.

FINANCIAL POSITION

Total assets increased by € 25.6 million or 1.4% from € 1,784.1 million to € 1,809.7 million in the first six months. Additions to assets and technology upgrades amounting to € 100.6 million (additions to assets led to cash CAPEX of € 92.1 million) was offset by depreciation and amortisation totalling € 71.7 million. In addition, exchange rate effects reduced fixed assets by € 15.3 million. Property plant and equipment reported in the consolidated statement of financial position as of 30 September 2019 also included right-of-use assets according to IFRS 16 of € 25.8 million. Correspondingly, financial liabilities include lease liabilities of € 25.7 million. For details regarding the effects of the first-time adoption of IFRS 16 please refer to the notes of the interim report. Inventories increased from € 84.5 million to € 105.5 million.

Cash and cash equivalents amounted to € 259.6 million (31 March 2019: € 326.8 million). In addition to cash and cash equivalents, AT&S has financial assets of € 243.5 million and unused credit lines of € 185.4 million as a financial reserve.

Equity decreased by € 35.1 million or -4.4% from € 803.5 million to € 768.4 million. The profit for the period of € 19.5 million was largely offset by negative currency effects of € 23.6 million, which resulted from the translation of net asset positions of subsidiaries, and the dividend payout of € 23.3 million. In addition, the reclassification of post-employment benefits (€ -4.1 million) and change in hedging instruments for cash flow hedges (€ -3.6 million) had a negative impact on equity. Based on this decline in equity and the higher total assets the equity

Automotive, Industrial, Medical segment – overview

€ in millions (unless otherwise stated)

	H1 2019/20	H1 2018/19	Change in %
Segment revenue	178.6	178.9	(0.1 %)
Revenue from external customers	160.6	167.6	(4.2 %)
Operating result before interest, tax, depreciation and amortisation (EBITDA)	18.9	24.4	(22.6 %)
EBITDA margin (%)	10.6 %	13.6 %	
Operating result (EBIT)	7.5	15.3	(51.1 %)
EBIT margin (%)	4.2 %	8.6 %	
Additions to property, plant and equipment and intangible assets	17.9	11.2	60.8 %
Employees (incl. leased personnel), average	2,759	2,736	0.8 %

ratio, at 42.5%, was 2.5 percentage points lower than at 31 March 2019.

Net debt rose by € 83.4 million or 55.5% from € 150.3 million to € 233.7 million.

Cash flow from operating activities amounted to € 62.2 million in the first six months of 2019/20 (previous year: € 58.0 million). Cash inflows were offset by cash outflows for net investments of € 92.0 million (previous year: € 37.9 million), resulting in negative free cash flow from operations of € -29.8 million (previous year: € 20.1 million).

The net gearing ratio rose from 18.7% to 30.4%. This increase results from the decrease in equity explained above and from the increase in net debt.

SIGNIFICANT EVENTS AFTER THE INTERIM REPORTING PERIOD

No significant events occurred after the end of the interim reporting period.

SIGNIFICANT RISKS, UNCERTAINTIES AND OPPORTUNITIES

In the Group Management Report of the consolidated financial statements 2018/19 the relevant risk categories are explained in detail under section 6 "Risk and opportunities management", which still apply at the reporting date. As described in this chapter, incorrect assessments of technological developments,

changes in demand and negative price developments can have severe adverse effects on the intrinsic value of investments.

OUTLOOK

As after the first quarter, the Management Board also confirms the earnings forecast for the full year after the first half of the financial year: As demand has picked up and capacity utilisation is currently good in the Mobile Devices segment, revenue is expected to be at the level of the previous year, with an EBITDA margin in the range of 20% to 25%. This forecast is supported by the further expansion of the customer and application portfolio in the Mobile Devices segment and the investments made so far. They enable AT&S to partially balance out market fluctuations.

A volume of € 80 to 100 million is planned for basic investments (maintenance and technology upgrades). Depending on the market development, an additional € 100 million for capacity and technology upgrades may be incurred. For the capacity expansion in the area of IC substrates, expenses for investments of up to € 180 million are planned. Based on the progress of the project, the Group's capital expenditures will total up to € 340 million.

Medium-term guidance

The Management also confirms the medium-term guidance, which was increased after the first quarter: As part of the strategy "More than AT&S", the Group expects revenue to double to € 2 billion in the next five years (previous revenue guidance at the beginning of the financial year: € 1.5 billion). This corresponds to a compound annual growth rate (CAGR) of

Others segment – overview

€ in millions (unless otherwise stated)

	H1 2019/20	H1 2018/19	Change in %
Segment revenue	-	2.5	n.a.
Revenue from external customers	-	2.5	n.a.
Operating result before interest, tax, depreciation and amortisation (EBITDA)	3.0	2.7	11.7 %
EBITDA margin (%)	-	107.0 %	
Operating result (EBIT)	1.7	2.1	(16.6 %)
EBIT margin (%)	-	81.1 %	
Additions to property, plant and equipment and intangible assets	1.8	1.0	79.2 %
Employees (incl. leased personnel), average	208	173	20.1 %

roughly 15%. Based on the stronger focus on high-end applications, the historical trend of a continuous and sustainable margin improvement can be continued, and an EBITDA margin in the range of 25% to 30% can be achieved in the medium term. The Group's medium-term ROCE target is more than 12%.

Leoben-Hinterberg, 07 November 2019

The Management Board

Andreas Gerstenmayer m.p.
Monika Stoisser-Göhring m.p.
Heinz Moitzi m.p.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

€ in thousands	1 Jul - 30 Sep 2019	1 Jul - 30 Sep 2018	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018
Revenue	267,578	294,776	490,317	516,857
Cost of sales	(225,984)	(230,028)	(435,105)	(423,704)
Gross profit	41,594	64,748	55,212	93,153
Distribution costs	(7,641)	(8,247)	(15,229)	(15,974)
General and administrative costs	(8,513)	(9,100)	(18,657)	(17,123)
Other operating income	5,167	6,330	9,151	12,492
Other operating costs	(676)	(111)	(1,108)	(605)
Other operating result	4,491	6,219	8,043	11,887
Operating result	29,931	53,620	29,369	71,943
Finance income	8,983	3,253	10,683	8,873
Finance costs	(4,425)	(5,051)	(7,864)	(8,968)
Finance costs – net	4,558	(1,798)	2,819	(95)
Profit before tax	34,489	51,822	32,188	71,848
Income taxes	(8,752)	(9,999)	(12,655)	(16,476)
Profit for the period	25,737	41,823	19,533	55,372
Attributable to owners of hybrid capital	2,096	2,096	4,168	4,168
Attributable to owners of the parent company	23,641	39,727	15,365	51,204
Earnings per share attributable to equity holders of the parent company (in € per share):				
– basic	0.61	1.02	0.40	1.32
– diluted	0.61	1.02	0.40	1.32
Weighted average number of shares outstanding – basic (in thousands)	38,850	38,850	38,850	38,850
Weighted average number of shares outstanding – diluted (in thousands)	38,850	38,850	38,850	38,850

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in thousands	1 Jul - 30 Sep 2019	1 Jul - 30 Sep 2018	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018
Profit for the period	25,737	41,823	19,533	55,372
Items to be reclassified:				
Currency translation differences, net of tax	12,042	(33,888)	(23,624)	(25,119)
Gains/(losses) from the fair value measurement of hedging instruments for cash flow hedges, net of tax	(1,279)	759	(3,556)	261
Items not to be reclassified:				
Remeasurement of post-employment obligations, net of tax	(4,109)	–	(4,109)	–
Other comprehensive income for the period	6,654	(33,129)	(31,289)	(24,858)
Total comprehensive income for the period	32,391	8,694	(11,756)	30,514
Attributable to owners of hybrid capital	2,096	2,096	4,168	4,168
Attributable to owners of the parent company	30,295	6,598	(15,924)	26,346

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in thousands	30 Sep 2019	31 Mar 2019
ASSETS		
Property, plant and equipment	826,880	777,742
Intangible assets	51,552	60,121
Financial assets	193	193
Deferred tax assets	34,374	35,555
Other non-current assets	24,620	24,664
Non-current assets	937,619	898,275
Inventories	105,526	84,465
Trade and other receivables and contract assets	262,161	229,045
Financial assets	243,330	239,752
Current income tax receivables	1,399	5,728
Cash and cash equivalents	259,625	326,841
Current assets	872,041	885,831
Total assets	1,809,660	1,784,106
EQUITY		
Share capital	141,846	141,846
Other reserves	11,155	42,444
Hybrid capital	172,887	172,887
Retained earnings	442,497	446,274
Equity attributable to owners of the parent company	768,385	803,451
Total equity	768,385	803,451
LIABILITIES		
Financial liabilities	699,547	679,076
Provisions for employee benefits	55,168	48,409
Deferred tax liabilities	6,040	5,547
Other liabilities	15,188	16,196
Non-current liabilities	775,943	749,228
Trade and other payables	214,584	179,954
Financial liabilities	37,298	37,967
Current income tax payables	10,502	9,331
Other provisions	2,948	4,175
Current liabilities	265,332	231,427
Total liabilities	1,041,275	980,655
Total equity and liabilities	1,809,660	1,784,106

CONSOLIDATED STATEMENT OF CASH FLOWS

€ in thousands	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018
Operating result	29,369	71,943
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	71,675	66,319
Gains/losses from the sale of fixed assets	(38)	36
Changes in non-current provisions	6,975	878
Non-cash expense/(income), net	(13,334)	(13,232)
Interest paid	(5,244)	(4,404)
Interest received	3,666	1,667
Income taxes paid	(3,597)	(12,567)
Cash flow from operating activities before changes in working capital	89,472	110,640
Inventories	(21,963)	(5,777)
Trade and other receivables and contract assets	(32,960)	(42,536)
Trade and other payables	28,769	(3,769)
Other provisions	(1,134)	(534)
Cash flow from operating activities	62,184	58,024
Capital expenditure for property, plant and equipment and intangible assets	(92,071)	(37,946)
Proceeds from the sale of property, plant and equipment and intangible assets	86	29
Capital expenditure for financial assets	(32,390)	(100,547)
Proceeds from the sale of financial assets	27,026	7,532
Cash flow from investing activities	(97,349)	(130,932)
Proceeds from borrowings	605	274,218
Repayments of borrowings	(14,716)	(14,098)
Proceeds from government grants	533	3,664
Dividends paid	(23,310)	(13,986)
Cash flow from financing activities	(36,888)	249,798
Change in cash and cash equivalents	(72,053)	176,890
Cash and cash equivalents at beginning of the year	326,841	270,729
Exchange gains on cash and cash equivalents	4,837	8,615
Cash and cash equivalents at end of the period	259,625	456,234

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ in thousands	Share capital	Other reserves	Hybrid capital	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
31 Mar 2018	141,846	27,505	172,887	369,153	711,391	–	711,391
Adjustments IFRS 15, IFRS 9	–	–	–	10,393	10,393	–	10,393
01 Apr 2018	141,846	27,505	172,887	379,546	721,784	–	721,784
Profit for the period	–	–	–	55,372	55,372	–	55,372
Other comprehensive income for the period	–	(24,858)	–	–	(24,858)	–	(24,858)
thereof currency translation differences	–	(25,119)	–	–	(25,119)	–	(25,119)
thereof change in hedging instruments for cash flow hedges, net of tax	–	261	–	–	261	–	261
Total comprehensive income for the period	–	(24,858)	–	55,372	30,514	–	30,514
Dividends paid relating to 2017/18	–	–	–	(13,986)	(13,986)	–	(13,986)
30 Sep 2018	141,846	2,647	172,887	420,932	738,312	–	738,312
31 Mar 2019	141,846	42,444	172,887	446,274	803,451	–	803,451
Profit for the period	–	–	–	19,533	19,533	–	19,533
Other comprehensive income for the period	–	(31,289)	–	–	(31,289)	–	(31,289)
thereof currency translation differences, net of tax	–	(23,624)	–	–	(23,624)	–	(23,624)
thereof remeasurement of post-employment obligations, net of tax	–	(4,109)	–	–	(4,109)	–	(4,109)
thereof change in hedging instruments for cash flow hedges, net of tax	–	(3,556)	–	–	(3,556)	–	(3,556)
Total comprehensive income for the period	–	(31,289)	–	19,533	(11,756)	–	(11,756)
Dividends paid relating to 2018/19	–	–	–	(23,310)	(23,310)	–	(23,310)
30 Sep 2019	141,846	11,155	172,887	442,497	768,385	–	768,385

SEGMENT REPORTING

€ in thousands	Mobile Devices & Substrates		Automotive, Industrial, Medical		Others		Elimination/ Consolidation		Group	
	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018
Segment revenue	379,483	391,520	178,630	178,869	–	2,543	(67,796)	(56,075)	490,317	516,857
Internal revenue	(49,716)	(44,821)	(18,080)	(11,254)	–	–	67,796	56,075	–	–
External revenue	329,767	346,699	160,550	167,615	–	2,543	–	–	490,317	516,857
Operating result before depreciation/amortisation	79,155	111,157	18,867	24,383	3,041	2,722	–	–	101,064	138,262
Depreciation/amortisation incl. appreciation	(58,992)	(56,582)	(11,381)	(9,077)	(1,321)	(660)	–	–	(71,694)	(66,319)
Operating result	20,163	54,575	7,486	15,306	1,720	2,062	–	–	29,369	71,943
Finance costs - net									2,819	(95)
Profit/(loss) before tax									32,188	71,848
Income taxes									(12,655)	(16,476)
Profit/(loss) for the period									19,533	55,372
Property, plant and equipment and intangible assets ¹⁾	719,786	711,119	151,380	122,043	7,266	4,701	–	–	878,432	837,863
Additions to property, plant and equipment and intangible assets	80,775	25,404	17,944	11,162	1,831	1,022	–	–	100,550	37,588

¹⁾ Previous year values as of 31 March 2019

INFORMATION BY GEOGRAPHIC REGION

Revenues broken down by customer region, based on customer's headquarters:

€ in thousands	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018
Austria	7,791	10,043
Germany	71,615	89,277
Other European countries	38,928	37,611
China	7,937	8,137
Other Asian countries	28,850	28,722
Americas	335,196	343,067
Revenue	490,317	516,857

Property, plant and equipment and intangible assets broken down by domicile:

€ in thousands	30 Sep 2019	31 Mar 2019
Austria	102,048	73,275
China	719,525	711,064
Others	56,859	53,524
Property, plant and equipment and intangible assets	878,432	837,863

NOTES TO THE INTERIM FINANCIAL REPORT

GENERAL INFORMATION

Accounting and measurement policies The interim report ended 30 September 2019 has been prepared in accordance with the standards (IFRS and IAS) and interpretations (IFRIC and SIC) of the International Accounting Standards Board (IASB), taking IAS 34 into account, as adopted by the European Union. The accounting and measurement principles applied as at 31 March 2019 were applied without a change with the exception of the IFRS which are mandatorily effective as of 1 April 2019.

The interim consolidated financial statements do not include all the information contained in the annual consolidated financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2019.

The interim consolidated statements for the period ended 30 September 2019 are unaudited and have not been the subject of external audit review.

Significant changes in accounting policies IFRS 16 “Leases” is mandatorily effective for reporting periods starting on or after 1 January 2019. Consequently, the AT&S Group must apply this new standard as of 1 April 2019.

IFRS 16 “Leases” IFRS 16 specifies the recognition of leases. This standard replaces IAS 17 and previous interpretations. Due to the new provisions it is no longer necessary to distinguish between finance and operating leases. The standard provides a single lessee accounting model requiring the lessee to recognise assets and liabilities for all leases in the statement of financial position, unless the term of the lease is twelve months or less or the underlying asset has a low value of less than € 5 thousand. The simplifications are optional and applied by AT&S.

Application of this new standard is mandatory for reporting periods starting on or after 1 January 2019. Hence, the AT&S Group is required to apply IFRS 16 as of 1 April 2019 and uses the modified retrospective method. A restatement of comparative information is not necessary.

The following table shows the effects of first-time adoption of IFRS 16 Leases on the opening balance sheet as at 1 April 2019:

€ in thousands	31 Mar 2019	Adjustment IFRS 16	1 Apr 2019
Assets			
Land, plants and buildings	91,597	23,770	115,367
Machinery and technical equipment	624,571	–	624,571
Tools, fixtures, furniture and office equipment	9,117	2,819	11,936
Prepayments and construction in progress	52,457	–	52,457
Liabilities			
Long term financial liabilities	679,076	23,409	702,485
Short term financial liabilities	37,967	3,180	41,147

The following table shows the reconciliation of the obligation arising from non-cancellable operating leases as at 31 March 2019 to the lease liability recognized as at 1 April 2019:

€ in thousands	
Obligation from non-cancellable operating leases as at 31 March 2019	5,326
Recognition exemption for short-term leases	(346)
Recognition exemption for low value assets	(656)
Adjustment due to cancellation or extension options	23,042
Lease liabilities before discounting	27,367
Discounting	(778)
Lease liabilities as at 1 April 2019 according IFRS 16	26,589

The line "Adjustment due to cancellation or extension options" mainly contains lease obligations of land and buildings in the amount of € 17.7 million. The residual amount is mostly due to the rental of office space as well as operating and office equipment. The group has weighed up the extension and cancellation options and considered them accordingly. The assumptions made to this can deviate from the original estimates which could have an impact on the rights of use and the lease liabilities.

The weighted average incremental borrowing rate applied for the valuation of lease liabilities was 1.37% as at 1 April 2019.

Property, plan and equipment recognized in the consolidated statement of financial position as at 30 September 2019 includes right-of-use assets according to IFRS 16 of € 25.8 million; financial liabilities contain lease liabilities of € 25.7 million.

For the first six months of the financial year 2019/20, depreciation in the amount of € 1.8 million for right-of-use assets and € 0.2 million for interest expenses for lease liabilities was recognised in the consolidated statement of profit or loss.

NOTES TO THE STATEMENT OF PROFIT OR LOSS

Revenue Group revenue in the first six months of the current financial year decreased by -5.1% from € 516.9 million in the last year to € 490.3 million.

Gross Profit The current gross profit of € 55.2 million was -40.8% below the € 93.2 million achieved in the same period last year. The reasons for the decrease are lower revenues and therefore missing contribution margins and an unfavourable product mix.

Operating result On the basis of the decreased gross profit the consolidated operating result of AT&S declined to € 29.4 million or 6.0% of revenue. Lower distribution costs had a positive impact. Higher administration costs due to increased personnel expenses and a lower other operating income result due to lower exchange rates gains had a negative impact.

Finance costs – Net The finance costs of € 7.9 million were € 1.1 million below the prior-year level. Financial income was € 10.7 million and essentially resulted from the investment of free cash and foreign exchange gains. Overall, net finance costs increased by € 2.9 million and amounted to € 2.8 million.

Income taxes The change of the effective tax rate on the consolidated level compared with the same period of the previous year mainly results from the variation of proportions of Group earnings contributed by individual companies with different tax rates.

Seasonality Due to the great importance of mobile devices, the revenue of AT&S usually shows the following seasonal development: the first quarter of the financial year is usually weaker than the second and third quarters, which are typically characterised by very high demand in preparation for the launches of the latest product generation. In the fourth quarter, customer demand is generally lower. This quarter is also characterised by the holiday shutdown due to the Chinese New Year's celebrations at our large Chinese plants.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Currency translation differences The negative deviation in the foreign currency translation reserves in the current financial year by € 23.6 million was the result of the change in the exchange rate of the Chinese yuan renminbi and the US-dollar against the Group's reporting currency, the euro.

	Closing rate			Average rate		
	30 Sep 2019	31 Mar 2019	Change in %	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018	Change in %
Chinese yuan renminbi	7.7248	7.5618	2.2 %	7.6921	7.7901	(1.3 %)
Hong Kong dollar	8.5623	8.8159	(2.9 %)	8.7412	9.2642	(5.6 %)
Indian rupee	77.1312	77.6621	(0.7 %)	77.8411	80.8373	(3.7 %)
Japanese yen	117.8700	124.3700	(5.2 %)	121.3414	130.0443	(6.7 %)
South Korean won	1,308.8298	1,275.6888	2.6 %	1,311.4948	1,293.3486	1.4 %
Taiwan dollar	33.9197	34.6394	(2.1 %)	34.7085	35.6094	(2.5 %)
US dollar	1.0922	1.1230	(2.7 %)	1.1154	1.1810	(5.6 %)

NOTES TO THE STATEMENT OF FINANCIAL POSITION

Assets and Finances Net debt, at € 233.7 million, increased versus the € 150.3 million outstanding at 31 March 2019. In contrast to this, the net working capital of € 160.5 million as at 31 March 2019 rose to € 188.9 million mainly due to increased receivables. The increase was caused, among other things, by higher revenues in the second quarter of the current financial year compared with the fourth quarter of the financial year 2018/19. The net gearing ratio, at 30.4%, was above the 18.7% at 31 March 2019.

Valuation hierarchies for financial instruments measured at fair value Three valuation hierarchies have to be distinguished in the valuation of financial instruments measured at fair value.

- Level 1: fair values are determined on the basis of publicly quoted prices in active markets for identical financial instruments.
- Level 2: if no publicly quoted prices in active markets exist, then fair values are determined on the basis of valuation methods based to the greatest possible extent on market prices.
- Level 3: in this case, the models used to determine fair value are based on inputs not observable in the market.

The financial instruments valued at fair value at the end of the reporting period at the three valuation levels were as follows:

€ in thousands				
30 Sep 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
– Bonds	914	–	–	914
– Derivative financial instruments	–	39	–	39
Financial assets at fair value through other comprehensive income without recycling	–	193	–	193
Financial liabilities				
Derivative financial instruments	–	10,208	–	10,208

€ in thousands				
31 Mar 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
– Bonds	896	–	–	896
Financial assets at fair value through other comprehensive income without recycling	–	193	–	193
Financial liabilities				
Derivative financial instruments	–	5,622	–	5,622

Export loans, government loans and other bank borrowings amounting to € 726.6 million (31 March 2019: € 711.4 million) are measured at amortised cost. The fair value of these liabilities was € 736.7 million (31 March 2019: € 716.2 million).

Other financial commitments At 30 September 2019 the Group had other financial commitments amounting to € 131.2 million in connection with contractually binding investment commitments. This relates to investments in the Shanghai, Chongqing, Nanjangud and Leoben plants. As at 31 March 2019 other financial commitments stood at € 100.1 million.

Equity Consolidated equity changed from € 803.5 million at 31 March 2019 to € 768.4 million at 30 September 2019 due to the consolidated profit for the period of € 19.5 million, dividend payment of € 23.3 million, negative impacts from currency translation differences of € 23.6 million, losses of post-employment obligations of € 4.1 million and losses from the fair value measurement of hedging instruments for cash flow hedges of € 3.6 million.

At the 25th Annual General Meeting on 4 July 2019 the Management Board was authorised until 3 July 2024 to increase the share capital of the Company, subject to the approval of the Supervisory Board, by up to € 21,367,500 by way of issuing up to 19,425,000 no-par value bearer shares, for contributions in cash or kind, in one or more tranches, including issue by means of an indirect share offering via banks in accordance with section 153 para 6 Austrian Stock Corporation Act (AktG). The Management Board was authorised, subject to the approval of the Supervisory Board, to determine the detailed terms and conditions of issue (in particular, issue price, nature of contributions in kind, rights related to shares, exclusion of subscription rights, etc.) (authorised capital). The Supervisory Board was authorised to approve changes in the Articles of Association required by the issue of shares out of authorised capital. The Annual General Meeting approved a resolution amending Section 4 (Nominal Capital) of the Articles of Association to reflect this change.

In addition, at the 25th Annual General Meeting of 4 July 2019 at the same time the Management Board was authorised until 3 July 2024, subject to the approval of the Supervisory Board, to issue convertible bearer bonds up to a maximum nominal value of

€ 150,000,000 in one or more tranches, and to grant the holders of the convertible bond subscription and/or conversion rights for up to 19,425,000 new no-par value bearer shares in the Company in accordance with the terms and conditions of the convertible bond to be determined by the Management Board. For this purpose, in accordance with section 159 para 2 item 1 AktG, the share capital of the Company was also conditionally increased by up to € 21,367,500 in the form of up to 19,425,000 new no-par value bearer shares. This capital increase will only take place to the extent that holders of convertible bonds exercise their conversion or subscription rights in accordance with the resolution of the Annual General Meeting of 3 July 2014. The Management Board was also authorised, subject to the approval of the Supervisory Board, to determine further details of the conditional capital increase (in particular, the amount of the issue and the rights related to shares).

With respect to the authorised share capital increase and/or the conditional capital increase, the following restrictions on the amounts of the increases are to be observed, as required under the resolutions passed at the 20th Annual General Meeting of 3 July 2014: The total of (i) the number of new shares actually issued or potentially issuable out of conditional capital under the terms and conditions of the convertible bonds, and (ii) the number of shares issued out of authorised capital may not exceed 19,425,000 (definition of amount of authorisations).

Treasury shares At the 25th Annual General Meeting of 4 July 2019 the Management Board was again authorised for a period of 30 months from the date of the resolution to acquire and retire the Company's own shares up to a maximum amount of 10% of the share capital at a lowest price that may be no more than 30% lower than the average unweighted closing price of the previous 10 trading days and at a highest price per share of a maximum of up to 30% above the average unweighted closing price of the previous 10 trading days. The Management Board was also authorised to withdraw repurchased treasury shares as well as treasury shares already held by the Company without any further resolution of the Annual General Meeting. The Management Board was also again authorised – for a period of five years (i.e., until 3 July 2024), upon approval of the Supervisory Board – to sell or use the repurchased treasury shares or treasury shares already held by the Company otherwise than through the stock exchange or by means of public offerings, and in particular for the purpose of enabling the exercise of employee stock options or the conversion of convertible bonds, or as consideration for the acquisition of businesses or other assets, or for any other legally permissible purpose.

As at 30 September 2019, the Group held no treasury shares.

NOTES TO THE STATEMENT OF CASH FLOWS

Cash flow from operating activities amounted to € 62.2 million compared with € 58.0 million in the same period last year. The lower operating result of € 29.4 million (previous year: € 71.9 million) was mainly compensated by an increase of the trade payables and other liabilities of € 28.8 million (previous year: decrease of € 3.8 million) and lower paid income taxes of € 3.6 million (previous year: € 12.6 million).

Cash flow from investing activities amounts to € -97.3 million and thus is below the level of € -130.9 million reached in the same period last year. Thereof capital expenditure for property, plant and equipment and intangible assets accounts for € 92.1 million. This year's capital expenditures are predominantly in the Chinese plants and technology upgrades in the other plants. Capital expenditure for financial assets amounts to € 32.4 million, and proceeds from the sale of financial assets amount to € 27.0 million for the investment and reinvestments of liquid funds. Payables for capex amount to € 39.3 million, which will become payable after 30 September 2019.

Cash flow from financing activities amounts to € -36.9 million and is mainly attributable to the repayment of loans and dividend payments.

The non-cash expense/income is as follows:

€ in thousands	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018
Release of government grants	(1,454)	(1,251)
Other non-cash expense/(income), net	(11,880)	(11,981)
Non-cash expense/(income), net	(13,334)	(13,232)

OTHER INFORMATION

Dividends The Annual General Meeting of 4 July 2019 resolved on a dividend payment of € 0.60 per share from the total balance-sheet profit as at 31 March 2019. The dividend distribution of € 23.3 million took place on 25 July 2019.

Related party transactions In connection with various projects, the Group received consulting services from companies where Supervisory Board Chairman Mr. Androsch (AIC Androsch International Management Consulting GmbH) was active. The fees charged are as follows:

€ in thousands	1 Apr - 30 Sep 2019	1 Apr - 30 Sep 2018
AIC Androsch International Management Consulting GmbH	182	182
Total fees	182	182

At the balance sheet date, there are no outstanding balances or obligations to the above mentioned legal and consulting companies.

Leoben-Hinterberg, 7 November 2019

Management Board

Andreas Gerstenmayer m.p.

Monika Stoisser-Göhring m.p.

Heinz Moitzi m.p.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group interim management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Leoben-Hinterberg, 7 November 2019

The Management Board

Andreas Gerstenmayer m.p.	Chief Executive Officer
Monika Stoisser-Göhring m.p.	Chief Financial Officer
Heinz Moitzi m.p.	Chief Operations Officer

AT&S SHARE

Positive performance despite difficult environment

The first half of 2019/20 was characterised by several highlights. In July, AT&S celebrated its 20-year anniversary on the stock exchange, looking back on a successful time. Based on the good performance of the past years and a record result in the financial year 2018/19, a significantly increased dividend of € 0.60 per share was paid out to shareholders.

In addition, AT&S took important steps during the reporting period allowing the company to continue to generate profitable growth and develop technologically in the future. Based on its entry into module integration and the initiated expansion of activities in the IC Substrates segment in Chongqing, AT&S is consistently implementing its “More than AT&S” strategy. In the first half-year the company informed the capital market about the business development, progress made in the implementation of the strategy and the status of ongoing projects at road shows, investor conferences and in one-on-one meetings.

The AT&S share showed a positive development in the first half of 2019/20 although the general environment for AT&S was challenging.

Trade policy disputes, fears of a major economic cooldown and generally speaking a flow of negative news regarding some markets relevant for AT&S played a significant role.

The share price gained 3.0% in the first half of the year and closed at € 15.76 on 30 September 2019. It ranged between € 13.10 and € 19.44 and was therefore highly volatile. The average daily volume traded on the Vienna Stock Exchange was roughly 72,000 shares (previous year: approx. 148,000).

Key Share figures for the first nine months

€	30 Sep 2019	30 Sep 2018
Earnings per share	0.40	1.32
High	19.44	24.10
Low	13.10	14.70
Close	15.76	19.90

Financial calendar

04 February 2020	Results for the first three quarters 2019/20
14 May 2020	Preliminary Results 2019/20
09 July 2020	26th Annual General Meeting
28 July 2020	Ex-Dividend Day
29 July 2020	Record Date Dividend
30 July 2020	Dividend Payment Day

Share performance AT&S against ATX Prime and TecDAX



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Percentages and individual items presented in this report are rounded, which may result in rounding differences.

Formulations attributable to people are to be understood as gender-neutral.

This report in no way represents an invitation or recommendation to buy or sell shares in AT&S.

The report is published in German and English. In case of doubt, the German version is binding.

No responsibility accepted for errors or omissions.

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