AT & S Austria Technologie & Systemtechnik
Aktiengesellschaft

Press Release
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AT&S continues growth course in the first half of 2015/16 and reports higher profit: revenue expectations increased for second half of the year

Comparison with H1 2014/15:

- Increase in revenue by 28.2% to EUR 387.1 million
- EBITDA at EUR 93.2 million, up 29% on prior year / EBITDA margin improved to 24.1%
- Profit for the period rose by 48.1% to EUR 42.1 million
- Revenue expectations for 2015/16 increased to EUR 740 million
- Set-up of plants in Chongqing, China, proceeds according to plan
- Promissory note loan of EUR 220 million issued

AT&S, one of the global technology leaders for high-end printed circuit boards (PCB), continued its strong growth by 28.2% in the first six months of the financial year 2015/16, thus clearly outperforming the market average, which only just recorded single-digit growth. “We recorded very high demand for high-end PCB solutions in the customer segments in the first six months – clearly a result of our high-end positioning“, says CEO Andreas Gerstenmayer and adds: “The usual seasonality did not occur in these six months. Currency effects had an additional positive impact on revenue growth, while the positive and negative effects of exchange rates on earnings were largely balanced out.”

Gerstenmayer is satisfied with the progress made in Chongqing: “The setting-up of the plant in Chongqing is still proceeding according to plan – we expect certification at the end of this year. It is the kick-off for the gradual launch of serial production at the beginning of next year.” Based on the organic growth in the first half of the year, an expected positive development in the next six months and an expected EUR-USD exchange rate of 1.16, the Management Board increases the outlook for revenues from EUR 725 million to EUR 740 million. In this context Andreas Gerstenmayer again points out that “the expected start-up costs will influence our fourth quarter and, consequently, the result of the full year, which has already been taken into account in our outlook.”

Higher revenue – increase in all earnings categories

In the first six months of the financial year 2015/16, revenue increased by 28.2%, from EUR 302.1 million to EUR 387.1 million. Organic growth amounted to EUR 43.8 million or 14.5%. Exchange rates, which were higher compared to the previous year, contributed EUR 41.2 million or 13.7% to the increase. 73.0% of revenue were not invoiced in euros. The share in revenue of products manufactured in Asia rose to 80.0% (vs. 76.0% in the previous year).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 29.0% in the first six months, from EUR 72.3 million to EUR 93.2 million. In addition to a very high capacity utilisation in the first half of the year, this was attributable to a good product mix, continuous measures to improve costs and efficiency as well as positive exchange rate effects of EUR 5.8 million. Negative currency effects from euro revenue and the related manufacturing costs denominated in Indian rupees, Korean won and Chinese renminbi, were overcompensated by positive effects of the USD – EUR exchange rate.

The EBITDA margin rose by 0.2 percentage points year-on-year, from 23.9% to 24.1%, thus slightly exceeding the prior year level.

Due to the positive business development, the excellent net finance costs and the low tax rate, profit for the period rose by EUR 13.7 million or 48.1%, from EUR 28.4 million to EUR 42.1 million. This results in an improvement of earnings per share from EUR 0.73 to EUR 1.08.

Cash flow and statement of financial position

Based on the very positive earnings development, a 65.3% increase in cash flow from operating activities to EUR 55.6 million was recorded compared with EUR 33.6 million in H1 2014/15.

Cash outflows from investing activities – investments in the plant in Chongqing, which is under construction, and technology investments at other production sites – amounted to EUR 97.5 million (H1 2014/15: EUR 88.7 million).

Despite a higher profit for the period, equity declined by 4.8% to EUR 575.1 million due to negative currency differences. Consequently, the equity ratio, at 47.2%, was 2.3 percentage points below the value at 31 March 2015.

As expected, net debt rose by 49.0% from EUR 130.5 million to EUR 194.4 million in the first six months of the financial year 2015/16 due to the high investment activities in Chongqing, the dividend payment and higher working capital (resulting from higher revenue). The net gearing ratio, at 33.8 % as of 30 September 2015, exceeded the level of 31 March 2015.

The figures in detail:

According to IFRS; in € m	H1 2015/16 01.04.2015-30.09.2015	H1 2014/15 01.04.2014-30.09.2014	Change in %
Revenue	387.1	302.1	+ 28.2%
Gross profit	84.9	66.2	+ 28.2%
EBITDA	93.2	72.3	+ 29.0%
EBITDA margin (in %)	24.1%	23.9%	-
EBIT	50.7	39.9	+ 27.1%
EBIT margin (in %)	13.1%	13.2%	-
Profit before tax	50.8	37.6	+35.1%
Profit for the period	42.1	28.4	+ 48.1%
Earnings per average number of shares outstanding (in EUR)	1.08	0.73	+ 48.0%
Weighted average number of shares outstanding (in 1,000 units)	38,850	38,850	-

Business Unit Mobile Devices & Substrates with continued growth of revenue

The continued strong demand for high-end HDI printed circuit boards for smartphones continued in the first half of 2015/16. USD exchange rates, which are still favourable from a euro perspective, also had a positive impact. Overall, this led to a substantial increase in revenue by EUR 78.0 million or 40.0%, from EUR 194.8 million to EUR 272.8 million compared with the prior-year reporting period. Based on very good capacity utilisation at the upper capacity limit and efficient cost management, EBITDA increased by 30.2% to EUR 67.6 million. At 24.8%, the EBITDA margin was at a lower level than in the reporting period of the previous year (26.7%) as a result of negative currency translation effects from sales to the automotive, industrial, medical segment in EUR and production costs in renminbi.

Business Unit Automotive, Industrial, Medical increases revenue and maintains profitability level

With revenue growth of 11.6%, this segment exceeded the prior-year figure of EUR 151.9 million generating revenue of EUR 169.5 million. The main driver was the continuously growing demand by the automotive sector, which reflects the trend towards more electronic components in vehicles and the medical segment. Demand in the industrial segment was slightly below the high level of the previous year. Based on very high capacity utilisation, EBITDA rose by 8.2% compared with the prior-year value, to EUR 19.2 million. The EBITDA margin, at 11.3%, remained at a similar level as in the comparative period of the previous year (11.7%) based on the currency-related increase in production costs in India and Korea.

Set-up of Chongqing site still on schedule – certification at the end of the year

In the first six months AT&S invested EUR 98.2 million in additions to assets – above all in the establishment of the two plants in Chongqing, which is proceeding according to plan. The plant for IC substrates is currently in the final phase of qualification. We expect certification to take place at the end of the year, as planned. Beginning 2016, serial production is expected to be launched. The fixed product mix – IC substrates for the product segment computing (notebooks, PCs, etc.) for the initial customer, a leading semiconductor manufacturer – corresponds to the original plan. The construction of plant II for substrate-like printed circuit boards is rapidly progressing. Serial production is expected to start from the second half of 2016. At 30 September 2015, AT&S had invested EUR 196.3 million in the Chongqing project. The two technologies planned for this site are intended to secure the leading technology position and profitable growth of AT&S in the long term.

Issue of promissory note loan of EUR 220 million successfully completed

On 23 October 2015, a promissory note loan transaction of a total amount of roughly EUR 220 million was successfully completed. The originally targeted issue volume of EUR 100 million, which was intended to secure the early refinancing of the loan due the currently favourable interest environment, was increased to roughly EUR 220 million because of high demand. The additional funds will be used to further optimise financial liabilities. AT&S is therefore able to increase the average debt maturities and to reduce the average financing costs. The promissory note loan consists of tranches with terms ranging from five to seven years, carrying fixed and variable interest rates in euros and US dollars.

Outlook for the financial year 2015/16 increased

Management expects the highly satisfactory capacity utilisation to continue for the financial year 2015/16 provided that the macroeconomic environment remains stable and customer demand continues at a good level. On the basis of the organic growth in the first half of the year, an expected positive business development in the next six months at a similar level as in the previous year, and an average expected EUR-USD exchange rate of 1.16 in the financial year, the management increases its revenue guidance from EUR 725 million to EUR 740 million. Influenced by the expected costs of the start-up of the new plants in Chongqing, the EBITDA margin should exceed 19% (guidance at the beginning of the financial year: 18-20%). This includes an EBITDA margin in the core business at the level of the previous year.

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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. Starting in 2016, AT&S will position itself in the high-end market at the new site in Chongqing (China) with two new leading-edge technologies: IC substrates and substrate-like printed circuit boards. 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 under construction) and Korea (Ansan, near Seoul). The company currently employs about 8,600 people. For more information: www.ats.net

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