Company Report

A-TEC

Austria, Industrial Holding

from Buy to Hold

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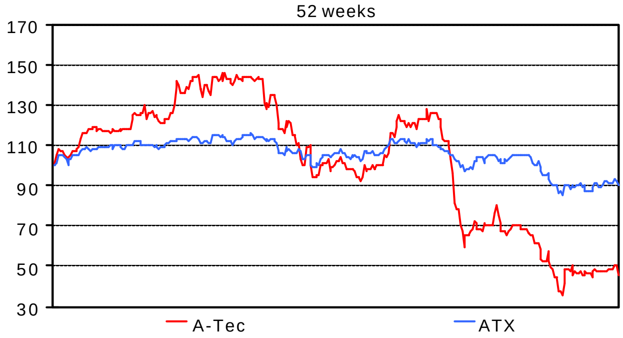
EUR mn	2007p	2008e	2009e	2010e
Total revenues	2,364.7	3,010.4	3,084.1	3,248.5
EBITDA	164.5	184.5	208.0	251.9
EBIT	120.7	125.6	142.7	181.8
Net profit	63.3	50.4	77.6	103.8
EPS (EUR)	9.59	7.64	11.75	15.73
CEPS (EUR)	19.54	21.22	22.17	27.53
BVPS (EUR)	64.09	71.73	83.10	97.01
Div/share (EUR)	0.00	0.76	1.82	2.36
EV/EBITDA (x)	6.3	6.0	5.2	4.0
P/E (x)	6.3	7.9	5.1	3.8
P/CE (x)	3.1	2.9	2.7	2.2
Dividend yield	0.0%	1.3%	3.0%	3.9%



Performance	12M	6M	3M	1M
in EUR	-54.5%	-55.7%	-34.0%	-9.5%

Share price (EUR)	60.5	Reuters	ATEC.VI	Free float	32.2%
Number of shares (mn)	6.6	Bloomberg	ATEC AV	Shareholders	M.U.S.T PS (55.1%)
Market capitalization (EUR mn)	399	Div. ex-date	-		Loidold PS (6.1%)
Enterprise value (EUR mn)	1,066	**Target price**	**65.0**	Homepage:	www.a-tecindustries.com

Weak operating performance and rising net debt hit A-TEC

- **We cut A-TEC's target price from EUR 124 to EUR 65, based on reduced 2008 and 2009 EPS estimates (for 2008 from EUR 14.65 to EUR 7.64; for 2009 from EUR 16.17 to EUR 11.75), as well as a 25% discount for A-TEC´s significant net debt level and rising complexity. We thus cut our recommendation from Buy to Hold.**

- **In terms of top line growth and order intake, A-TEC developed favorably in 2007. FY07 sales rose 48% to EUR 2,364.7mn and order intake was up 11% to EUR 1,971.5mn.**

- **However, profitability and net debt development were clear disappointments. Adjusted for one-offs of around EUR 50.4mn, FY07 group EBIT stood at EUR 70.3mn, more or less flat compared to last year's adjusted EBIT of around EUR 70.9mn. Net debt rose further to EUR 632mn as of December 31, 2007. The major disappointment in our view was the Copper division.**

- **The acquisition of RTB Bor will lead to a further rising net debt position of A-TEC by the end of FY08 (e: EUR 717mn) and increase its stock price exposure to the development of global copper prices.**

- **In our view, it will be key for A-TEC to focus on its businesses in place and churn out a positive free cash flow and improve the ROCE in FY08, in order to reduce its mounting net debt position.**

Company Report

FY07 discussion

Top line growth OK

In terms of top line growth and order intake, A-TEC developed favorably in 2007. FY07 sales rose 48% and order intake was up by 11%.

Quarterly figures

A-TEC IFRS (EURmn)		Q1/06	Q2/06	Q3/06	Q4/06	FY06	Q1/07	Q2/07	Q3/07	Q4/07	FY07
Order intake		310.4	410.1	592.1	462.4	1,775.0	464.3	570.4	553.6	383.2	1,971.5
Sales	AE&E	96.5	115.5	176.4	224.7	613.1	187.1	231.1	287.0	341.2	1,046.4
	ATB	61.2	57.9	101.0	84.4	304.5	103.5	102.6	99.3	115.6	421.0
	EMCO	33.3	33.7	28.0	75.8	170.8	31.6	39.4	44.8	96.0	211.8
	Copper Division	110.2	150.2	123.6	122.1	506.1	130.4	143.6	190.7	220.8	685.5
	Consolidation	0.0	1.4	-0.1	-1.3	0.0	0.0	1.0	0.9	-1.9	0.0
	Group Sales	**301.2**	**358.7**	**428.9**	**505.7**	**1,594.5**	**452.6**	**517.7**	**622.7**	**771.7**	**2,364.7**
EBITDA	AE&E	2.0	2.8	17.1	8.1	30.0	10.1	9.8	12.1	47.8	79.8
	ATB	3.2	2.6	11.7	10.1	27.6	7.2	7.5	4.6	13.0	32.3
	EMCO	0.3	2.1	5.0	14.0	21.4	1.9	4.2	8.1	10.8	25.0
	Copper Division	5.8	13.1	42.7	-13.4	48.2	3.2	9.6	19.9	-6.3	26.4
	Consolidation	-0.1	-0.2	0.0	-2.1	-2.4	-0.1	12.7	-5.1	-6.5	1.0
	Group EBITDA	**11.2**	**20.4**	**76.5**	**16.7**	**124.8**	**22.3**	**43.8**	**39.6**	**58.8**	**164.5**
	Group EBITDA.margin	*3.7%*	*5.7%*	*17.8%*	*3.3%*	*7.8%*	*4.9%*	*8.5%*	*6.4%*	*7.6%*	*7.0%*
EBIT	AE&E	1.1	1.8	15.8	8.6	27.3	8.8	8.4	10.4	45.8	73.4
	ATB	1.3	-0.1	4.9	5.0	11.1	2.9	1.3	-0.2	7.2	11.2
	EMCO	-0.5	1.8	0.8	13.1	15.2	-0.2	2.4	3.0	10.3	15.5
	Copper Division	4.6	11.8	41.3	-14.5	43.2	2.0	8.3	18.1	-8.9	19.5
	Consolidation	-0.1	0.8	-0.3	-5.2	-4.8	-0.2	12.9	-2.4	-9.2	1.1
	Group EBIT	**6.4**	**16.1**	**62.5**	**7.0**	**92.0**	**13.3**	**33.3**	**28.9**	**45.2**	**120.7**
	Group EBIT margin	*2.1%*	*4.5%*	*14.6%*	*1.4%*	*5.8%*	*2.9%*	*6.4%*	*4.6%*	*5.9%*	*5.1%*
EBIT-margin	*AE&E*	*1.1%*	*1.6%*	*9.0%*	*3.8%*	*4.5%*	*4.7%*	*3.6%*	*3.6%*	*13.4%*	*7.0%*
	ATB	*2.1%*	*-0.2%*	*4.9%*	*5.9%*	*3.6%*	*2.8%*	*1.3%*	*-0.2%*	*6.2%*	*2.7%*
	EMCO	*-1.5%*	*5.3%*	*2.9%*	*17.3%*	*8.9%*	*-0.6%*	*6.1%*	*6.7%*	*10.7%*	*7.3%*
	Copper Division	*4.2%*	*7.9%*	*33.4%*	*-11.9%*	*8.5%*	*1.5%*	*5.8%*	*9.5%*	*-4.0%*	*2.8%*

Source: Company data

EBIT and net debt disappoint

However, profitability and net debt development were clear disappointments. Adjusted for one-offs of around EUR 50.4mn, FY07 group EBIT stood at EUR 70.3mn, more or less flat compared to last year's adjusted EBIT of around EUR 70.9mn. The Copper division was the major disappointment. Here, adjusted EBIT dropped by a significant 80%, the main reason being unfavorable copper price developments.

Adjusted EBIT comparison

Adj. EBIT	FY06	FY07	*y/y*
AE&E	25.4	41.0	*61.4%*
ATB	10.8	11.2	*3.7%*
EMCO	15.2	15.5	*2.0%*
Copper	30.0	6.2	*-79.3%*

Source: A-TEC, Erste Bank estimates

Plant Construction division - A-TEC's crown jewel

The Plant Construction division was highly successful in FY07. The division won numerous large orders. FY07 order intake rose by 7.1% to EUR 1.32bn and the order backlog rose by 36.1% y/y to EUR 1.97bn. In our view, AE&E is the crown jewel of A-TEC's business portfolio. We remain optimistic regarding AE&E development in 2008 and thereafter, due to its excellent positioning as a supplier of flue-gas cleaning and waste-to-energy technology. We consider the integration of Lentjes in FY08 as the major risk factor for this division.

Drive Systems division - still in turnaround mode

ATB's FY07 operating performance was more or less in line with our expectations. Without further information, we assume that the Project Motors segment (delivering an EBIT margin of 8.1% for 1-3Q07) was the major contributing force to ATB's FY07 EBIT. The Home Appliances and Serial Motors division are still struggling to turn around. The very high financing costs are due to substantial loans in connection with the LTJ acquisition in 2006/07.

ME division - supplier bottlenecks harm operating performance

In a boom year (like 2007) for the machinery industry, a flat operating result is a clear disappointment for us. According to A-TEC, this was due to delayed delivery of components, which in turn delayed sales and harmed operating results in 2007. Order intake in FY07 was roughly flat at around EUR 200mn.

Copper division - biggest disappointment

Adjusted for one-offs, the Copper division's EBIT plunged by 80% y/y. This meltdown was triggered by unfavorable copper price developments, as well as higher staff and raw material costs, due to Brixlegg's electrolysis plant expansion. Another aspect is that, due to the expansion, Brixlegg's tank house had to be shut down in August. Furthermore, A-TEC reported a sluggish component business at its recently acquired Gindre subsidiary. The financing costs also jumped from around EUR 3mn in FY06 to EUR 10.8mn in FY07, indicating surging capital employed in this division as well.

RTB Bor acquisition

On February 7, 2008, A-TEC finalized the acquisition of 100% of Serbian copper mine complex RTB Bor. The purchase price amounted to USD 466mn (around EUR 320mn) plus USD 180mn (around EUR 123mn) in investment for the next 3-4 years, in order to improve the outdated equipment of RTB Bor.

The key financing aspects:

- A-TEC will be the 100% owner of RTB - no partners
- A-TEC assumes no debt, just the assets
- In total, this transaction, adjusted for the expected proceeds from the Cumerio sale (EUR 193mn), will raise A-TEC's group debt level by around EUR 130mn to around EUR 770mn by the end of FY08
- Financing is done in USD and A-TEC will pay around a 200BPS spread on the risk-free rate
- A-TEC has been granted a tax holiday for 10 years in Serbia

The key facts to know about the mine from the operational side:

- RTB is already at break-even and will thus cause no losses for A-TEC in 2008
- As of 2010, A-TEC expects to produce around 55-60,000 tons of copper per year (up from 20,000 at present); assuming an average copper price of USD 5,000/t, it expects EBITDA of around EUR 60-65mn per year
- After renewal of equipment, A-TEC expects around USD 2,500 production cost/t, which is quite good
- Total reserves of the mine are 7mn tons, 2mn tons of which are already accessible
- A-TEC made no agreement with the unions; thus, A-TEC can lay people off as it pleases

The integration of RTB Bor into our Copper division forecast alters the result as follows:

RTB Bor forecast

RTB Assumptions - USD 5,500/t copper	2008e	2009e	2010e	2011e	2012e
RTB Tons produced	20,000	35,000	52,500	57,000	60,000
Copper-Price / t in USD	5,500	5,500	5,500	5,500	5,500
Sales in EURmn	75.9	132.8	199.1	216.2	227.6
EBITDA in EURmn	3.0	19.9	49.8	58.4	68.3
EBITDA-margin	*4.0%*	*15.0%*	*25.0%*	*27.0%*	*30.0%*

Source: Erste Bank estimates

Valuation and forecast changes

The main trigger for our forecast changes was the recent RTB Bor acquisition. In total, this acquisition led to lower EPS estimates for FY08 on the group level, due to:

- an additional estimated annual amortization charge for the acquired mining license of around EUR 6.5mn
- further rising net debt, which results in a further rising negative financial result estimate
- no EBIT contribution from RTB Bor expected in FY08

Another aspect is the fundamentally disappointing operating performance of A-TEC in FY07, which prompted us to reduce our EBIT margin expectations for FY08 and thereafter. In detail, this looks as follows.

- Due to the integration of RTB Bor, we raise our FY08 sales estimate from EUR 2.9bn to EUR 3.0bn.
- Due to the unexpected high one-off EBIT contribution in FY07, we lower our FY08 and FY09 EBIT margin estimates from 5.1% to 4.1% and from 5.2% to 4.4%, respectively.
- The quickly rising debt level is another negative aspect for A-TEC's equity value. As of December 31, 2007, we where looking for a net debt level of EUR 517mn. However, the company reported a net debt level of around EUR 632mn, significantly above our expectation.

Divisional forecast 2008e-2012e

A-TEC	2006	2007p	2008e	2009e	2010e	2011e	2012e
Sales							
AE&E	613.1	1,046.4	1,428.1	1,445.0	1,516.7	1,547.1	1,624.8
ATB	304.5	421.0	458.3	458.3	458.3	467.7	477.3
EMCO	170.7	211.8	328.5	328.5	336.7	353.6	371.2
Copper Division	506.1	685.5	795.5	852.4	936.7	972.2	1,002.5
Consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group Sales	**1,594.4**	**2,364.7**	**3,010.4**	**3,084.1**	**3,248.5**	**3,340.5**	**3,475.8**
Group Sales growth	*47.1%*	*48.3%*	*27.3%*	*2.4%*	*5.3%*	*2.8%*	*4.0%*
Sales growth							
AE&E	*38.3%*	*70.7%*	*36.5%*	*1.2%*	*5.0%*	*2.0%*	*5.0%*
ATB	*44.2%*	*38.3%*	*8.9%*	*0.0%*	*0.0%*	*2.0%*	*2.0%*
EMCO	*41.0%*	*24.1%*	*55.1%*	*0.0%*	*2.5%*	*5.0%*	*5.0%*
Copper Division	*65.1%*	*35.4%*	*16.0%*	*7.2%*	*9.9%*	*3.8%*	*3.1%*
EBIT							
AE&E	27.3	73.4	57.2	58.0	63.2	63.6	67.3
ATB	10.8	11.2	19.5	21.7	24.5	27.9	25.3
EMCO	15.2	15.5	25.3	26.1	26.7	31.0	31.1
Copper Division	5.0	19.5	23.2	37.2	68.5	78.3	87.1
Consolidation	0.2	1.1	0.4	-0.3	-1.1	-1.3	-1.6
Group EBIT	**58.5**	**120.7**	**125.6**	**142.7**	**181.8**	**199.6**	**209.2**
Group EBIT margin	*3.7%*	*5.1%*	*4.2%*	*4.6%*	*5.6%*	*6.0%*	*6.0%*
EBIT-margin							
AE&E	*4.5%*	*7.0%*	*4.0%*	*4.0%*	*4.2%*	*4.1%*	*4.1%*
ATB	*3.5%*	*2.7%*	*4.2%*	*4.7%*	*5.3%*	*6.0%*	*5.3%*
EMCO	*8.9%*	*7.3%*	*7.7%*	*7.9%*	*7.9%*	*8.8%*	*8.4%*
Copper Division	*1.0%*	*2.8%*	*2.9%*	*4.4%*	*7.3%*	*8.1%*	*8.7%*

Source: Company data, 2008e - 2012e Erste Bank estimates

12-month target price EUR 65.0 (previously: EUR 124.0)

Based on our new assumptions (reduced earnings estimates and further rising debt levels), we derive a new 12-month DCF target price of EUR 87 However, we apply a 25% discount (after 15%), due to the following ongoing uncertainties:

- Pending lawsuit against CEO Kovats
- Ongoing uncertainty with regards to A-TEC's investment in NA. Last week, the German cartel office said that A-TEC has to sell its whole stake in Norddeutsche Affinerie AG. A-TEC indicated that it would undertake legal action against this ruling. However, in a first step, it seems that A-TEC will have to sell its 13.75% stake in NA. This would disrupt A-TEC's intentions of becoming a leading player in the consolidation of the European copper industry.
- The recent RTB Bor acquisition further increased A-TEC's complexity and its exposure to the copper price development.
- A-TEC´s significant net debt level is in times of rising uncertainties another major concern for investors.

DCF Valuation

EUR mn	2008e	2009e	2010e	2011e	2012e
Sales	3,010.4	3,084.1	3,248.5	3,340.5	3,440.8
Sales growth y/y		*2.4*	*5.3*	*2.8*	*3.0*
EBIT	125.6	142.7	181.8	199.6	189.2
EBIT-margin in %	*4.2*	*4.6*	*5.6*	*6.0*	*5.5*
- Taxes on EBIT	-31.4	-35.7	-45.5	-49.9	-47.3
+ Depreciation/amortisation	58.9	65.2	70.0	76.2	76.2
+/- Change in working capital [1)]	171.7	-23.4	-21.6	-11.4	-6.0
- Capital expenditures	-422.0	-88.0	-83.0	-88.0	-78.0
Free cash flow	-97.2	60.9	101.8	126.5	134.1
Terminal value					1,403.9
Total free cash flow	-97.2	60.9	101.8	126.5	1,403.9

DCF Valuation (EUR mn)		2008e	2009e	2010e	2011e	2012e
Discounted free cash flow		-89	51	78	89	906
Enterprise value	1,035					
Net debt	634		as of 31/12/2007			
Social capital	81		as of 31/12/2007			
Tax-loss carry forward	52		as of 31/12/2007			
N-A Stake (implying 15% liquidity discount)	129		as of 02/2008			
Equity value	501					
Number of shares in million	6.6					
Net present value per share (EUR) as of 31/12/07	**76**					
Net present value per share (EUR) as of 03/2009e	**87**					

WACC Calculation		WACC - perpetuity	
		TV Growth	1.0%
Risk-free rate	4.3%	Risk-free rate	5.0%
Premium to equity	4.5%	Premium to equity	4.5%
Beta	1.9	Beta	1.7
Cost of equity	12.9%	Cost of equity	12.6%
Cost of debt	7.3%	Cost of debt	8.0%
Effective tax rate (%)	25.0%	Effective tax rate (%)	25.0%
After-tax cost of debt (%)	5.5%	After-tax cost of debt (%)	6.0%
Equity weight (%)	50.0%	Equity weight (%)	70%
Debt weight (%)	50.0%	Debt weight (%)	30%
WACC	**9.16%**	**WACC**	**10.59%**

1) FY08 change in WC includes EUR 190mn Cumerio sales proceeds

Source: Erste Bank estimates

DCF sensitivity analysis: December 31, 2007

TV growth	WACC		Equity Value in EURmn		
	9.0%	**10.0%**	**11.0%**	**12.0%**	**13.0%**
0.5%	652	544	457	385	324
1.0%	721	600	503	423	357
1.5%	800	662	553	465	392
2.0%	889	732	609	511	431
2.5%	993	811	672	562	473

TV growth	WACC		Per Share Value in EUR		
	9.0%	**10.0%**	**11.0%**	**12.0%**	**13.0%**
0.5%	98.8	82.4	69.2	58.3	49.2
1.0%	109.3	90.9	76.2	64.1	54.1
1.5%	121.2	100.3	83.8	70.5	59.5
2.5%	150.5	122.9	101.8	85.2	71.7

Source: Erste Bank estimates

Peer group comparison

Based on EV/EBITDA and EV/EBIT, A-TEC trades in line with peers

Since we expect the first positive contributions from RTB Bor as of 2009, we tend to focus on EV/EBITDA and EV/EBIT multiples for FY09 and FY10. Here, based on our estimates, we see A-TEC roughly in line with its peers. This clearly supports our DCF scenario, with limited upside potential for A-TEC's stock.

Peer group

AE&E Peers	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Alstom SA	1.0 x	0.9 x		10.1 x	8.4 x		12.4 x	10.1 x		19.7 x	16.0 x	
Siemens AG	1.1 x	1.0 x	0.9 x	8.6 x	7.1 x	5.8 x	12.0 x	9.6 x	7.7 x	15.4 x	12.0 x	10.2 x
Aker Kvaerner Asa	0.6 x	0.5 x	0.4 x	7.1 x	5.7 x	4.9 x	7.9 x	6.3 x	5.3 x	12.6 x	10.3 x	9.1 x
Andritz Ag	0.4 x	0.4 x	0.3 x	5.4 x	5.0 x	4.1 x	6.4 x	6.0 x	4.7 x	11.3 x	10.6 x	9.7 x
Rafako (Fabryka Kotlow)										12.8 x	14.3 x	
Median	**0.8 x**	**0.7 x**	**0.4 x**	**7.8 x**	**6.4 x**	**4.9 x**	**9.9 x**	**7.9 x**	**5.3 x**	**12.8 x**	**12.0 x**	**9.7 x**

EMCO Peers	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Gildemeister AG	0.5 x	0.5 x	0.5 x	5.0 x	4.6 x	4.6 x	6.2 x	5.7 x	5.6 x	10.1 x	8.8 x	8.5 x
Lincoln Electric Hldg CS										13.7 x	12.3 x	
Mori Seiki Co Ltd	0.7 x	0.7 x		3.8 x	3.4 x		4.8 x	4.3 x		10.4 x	10.5 x	
Median	**0.6 x**	**0.6 x**	**0.5 x**	**4.4 x**	**4.0 x**	**4.6 x**	**5.5 x**	**5.0 x**	**5.6 x**	**10.4 x**	**10.5 x**	**8.5 x**

Brixlegg Peers	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Norddeutsche Affinerie AG	0.2 x	0.2 x	0.2 x	5.6 x	5.8 x	5.5 x	7.3 x	7.9 x	7.5 x	9.5 x	11.3 x	11.8 x
Cumerio SA	0.4 x	2.6 x		9.6 x	7.0 x		15.9 x	13.2 x		23.0 x	28.4 x	
KGHM Polska Miedz SA	1.7 x	1.7 x	2.0 x	4.4 x	4.9 x	5.8 x	4.9 x	5.5 x	6.9 x	6.9 x	7.5 x	10.3 x
Kazakhmys Plc	2.5 x	2.7 x	2.9 x	5.6 x	6.2 x	8.0 x	6.5 x	7.3 x	10.2 x	10.7 x	11.1 x	17.6 x
Median	**1.0 x**	**2.2 x**	**2.0 x**	**5.6 x**	**6.0 x**	**5.8 x**	**6.9 x**	**7.6 x**	**7.5 x**	**10.1 x**	**11.2 x**	**11.8 x**

ATB Peers	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e	2008e	2009e	2010e
Emerson Electric Co.	1.8 x	1.7 x	1.6 x	9.7 x	9.0 x	8.4 x	11.2 x	10.2 x	9.7 x	17.6 x	15.8 x	14.6 x
Schneider Electric SA	1.3 x	1.2 x	1.2 x	7.4 x	7.0 x	6.9 x	8.9 x	8.5 x	8.8 x	11.0 x	10.6 x	11.2 x
Siemens AG	1.1 x	1.0 x	0.9 x	8.6 x	7.1 x	5.8 x	12.0 x	9.6 x	7.7 x	15.4 x	12.0 x	10.2 x
Abb	1.5 x	1.3 x	1.2 x	9.0 x	7.9 x	6.9 x	10.3 x	9.0 x	7.6 x	16.2 x	14.9 x	12.8 x
Alstom SA	1.0 x	0.9 x		10.1 x	8.4 x		12.4 x	10.1 x		19.7 x	16.0 x	
Median	**1.4 x**	**1.3 x**	**1.2 x**	**8.8 x**	**7.5 x**	**6.9 x**	**10.8 x**	**9.3 x**	**8.3 x**	**16.2 x**	**14.9 x**	**12.0 x**
Weighted Median	**0.9 x**	**1.2 x**	**1.0 x**	**6.9 x**	**6.1 x**	**5.5 x**	**8.6 x**	**7.5 x**	**6.6 x**	**12.4 x**	**12.0 x**	**10.6 x**
A-TEC	**0.4 x**	**0.3 x**	**0.3 x**	**6.0 x**	**5.1 x**	**3.9 x**	**8.9 x**	**7.4 x**	**5.4 x**	**7.9 x**	**5.1 x**	**3.8 x**
Premium/Discount	**-60%**	**-71%**	**-69%**	**-12%**	**-16%**	**-29%**	**3%**	**-2%**	**-18%**	**-36%**	**-57%**	**-64%**

Source: JCF, Erste Bank estimates

Company Report

Income Statement (IFRS, EUR mn, 31/12)	2006	2007p	2008e	2009e	2010e
Sales revenues	**1,594.4**	**2,364.7**	**3,010.4**	**3,084.1**	**3,248.5**
Other operating revenues	70.8	0.0	0.0	0.0	0.0
Material costs	-1,095.2	-1,621.7	-2,089.5	-2,121.7	-2,202.0
Personnel costs	-286.6	-425.6	-541.9	-555.1	-584.7
Other operating expenses	-158.2	-152.8	-194.6	-199.3	-210.0
EBITDA	**125.2**	**164.5**	**184.5**	**208.0**	**251.9**
Depreciation	-33.2	-43.8	-58.9	-65.2	-70.0
EBIT	**92.0**	**120.7**	**125.6**	**142.7**	**181.8**
Financial result	-13.4	-44.2	-60.5	-42.8	-40.1
EBT	**78.6**	**76.5**	**65.1**	**99.9**	**141.7**
Tax expenses	8.2	-9.2	-7.8	-15.0	-35.4
Extraordinary result	-7.3	-10.0	-5.0	-5.0	0.0
Minorities	-2.3	6.0	-1.9	-2.3	-2.5
Net result after minorities	**77.2**	**63.3**	**50.4**	**77.6**	**103.8**

Balance Sheet (IFRS, EUR mn, 31/12)	2006	2007p	2008e	2009e	2010e
Intangible assets	255.9	269.7	592.5	594.7	597.1
Tangible assets	271.7	418.0	458.4	479.0	489.5
Financial assets	25.4	175.4	175.4	175.4	175.4
Total fixed assets	**553.0**	**863.2**	**1,226.3**	**1,249.1**	**1,262.1**
Inventories	217.4	452.1	501.5	541.0	561.5
Receivables and other current assets	405.3	599.8	762.8	773.8	814.9
Other assets	60.9	245.9	60.9	60.9	60.9
Cash and cash equivalents	336.9	286.9	286.9	286.9	342.9
Total current assets	**1,020.5**	**1,584.7**	**1,612.1**	**1,662.6**	**1,780.2**
TOTAL ASSETS	**1,573.5**	**2,447.9**	**2,838.4**	**2,911.7**	**3,042.2**
Shareholders' equity	**297.5**	**423.0**	**473.4**	**548.5**	**640.3**
Minorities	**17.7**	**11.7**	**13.6**	**15.9**	**18.4**
Other reserves	**0.9**	**0.9**	**0.9**	**0.9**	**0.9**
Interest-bearing LT debts	267.7	627.7	947.7	947.7	947.7
Other LT liabilities	154.7	207.4	264.1	270.5	284.9
Total long-term liabilities	**422.4**	**835.1**	**1,211.7**	**1,218.2**	**1,232.6**
Interest-bearing ST debts	109.3	293.3	55.8	18.1	0.0
Other ST liabilities	725.7	883.9	1,083.0	1,110.1	1,150.1
Total short-term liabilities	**835.0**	**1,177.2**	**1,138.8**	**1,128.2**	**1,150.1**
TOTAL LIAB. & EQUITY	**1,573.5**	**2,447.9**	**2,838.4**	**2,911.7**	**3,042.2**

Cash Flow Statement (IFRS, EUR mn, 31/12)	2006	2007p	2008e	2009e	2010e
Cash flow from operating activities	134.5	-296.2	388.2	164.6	159.0
Cash flow from investing activities	-50.1	-354.0	-422.0	-88.0	-83.0
Cash flow from financing activities	71.3	600.2	33.8	-76.6	-20.0
CHANGE IN CASH & CASH EQU.	**155.7**	**-50.0**	**0.0**	**0.0**	**56.0**

Margins & Ratios	2006	2007p	2008e	2009e	2010e
Sales growth	47.1%	48.3%	27.3%	2.4%	5.3%
EBITDA margin	7.9%	7.0%	6.1%	6.7%	7.8%
EBIT margin	5.8%	5.1%	4.2%	4.6%	5.6%
Net profit margin	4.8%	2.7%	1.7%	2.5%	3.2%
ROE	37.6%	17.6%	11.2%	15.2%	17.5%
ROCE	20.4%	10.7%	7.6%	7.8%	8.9%
Equity ratio	20.0%	17.8%	17.2%	19.4%	21.7%
Net debt	35	634	717	679	605
Working capital	169	162	412	474	569
Capital employed	506	1,277	1,469	1,515	1,549
Inventory turnover	5.9	4.8	4.4	4.1	4.0

Source: Company data, Erste Bank estimates

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Disclosures

Rating History

Date	Product	Rating	Price	Target price
17. Jan 07	CR	Initial rating: Accumulate	108.00	125.00
22. Feb. 07	CR	from Accumulate to Hold	143.50	149.00
24. Mar 07	CR	from Hold to Buy	157.00	195.00
22. May 07	CR	Buy	167.50	225.00
29. Aug 07	CR	Buy	137.50	190.00
29. Nov 07	CR	Buy	91.00	124.00

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Company	Disclosure	Comment
A-TEC	3,4	--

Erste Bank rating definitions

Buy	> +20% to target price
Accumulate	+10% < target price < +20%
Hold	0% < target price < +10%
Reduce	-10% < target price < 0%
Sell	< -10% to target price

Our target prices are established by determining the fair value of stocks, taking into account additional fundamental factors and news of relevance for the stock price (such as M&A activities, major forthcoming share deals, positive/negative share/sector sentiment, news) and refer to 12 months from now. All recommendations are to be understood relative to our current fundamental valuation of the stock. The recommendation does not indicate any relative performance of the stock vs. a regional or sector benchmark.

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