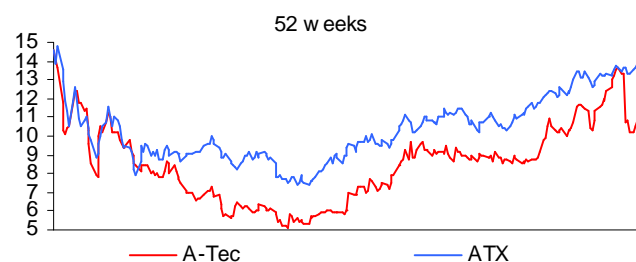


Company Report – Diversified Industrial – Austria – October 5, 2009

# A-Tec from Accumulate to Buy

Gerald Walek, CFA +43 (0)5 0100 - 16360 gerald.walek@erstegroup.com

EUR mn	2008	2009e	2010e	2011e
Net sales	3,256.9	2,943.8	2,650.8	2,877.3
EBITDA	77.3	148.7	136.8	157.2
EBIT	19.4	99.2	87.2	107.5
Net result after min.	-33.9	51.3	22.2	35.0
EPS (EUR)	-1.31	1.94	0.84	1.33
CEPS (EUR)	0.67	4.09	2.76	3.27
BVPS (EUR)	12.32	13.50	14.34	15.67
Div./share (EUR)	0.00	0.00	0.00	0.00
EV/EBITDA (x)	7.0	4.2	4.4	3.8
P/E (x)	nm	5.5	12.7	8.0
P/CE (x)	9.9	2.6	3.9	3.3
Dividend Yield	0.0%	0.0%	0.0%	0.0%



Performance	12M	6M	3M	1M
in EUR	-26.6%	75.2%	18.7%	2.7%

Share price (EUR)	10.67	Reuters	ATEC.VI	Free float	26.5%
Number of shares (mn)	25.0	Bloomberg	ATEC AV	Shareholders	M.U.S.T PF (55.2%)
Market capitalization (EUR mn)	267.1	Div. Ex-date			Loidold PF (6.8%)
Enterprise value (EUR mn)	622.2	<b>Target price</b>	<b>15.0</b>	Homepage:	www.a-tecindustries.com

## Improving capital structure is key to success

- Driven by an improved capital structure, we raise our 12-month target equity price for A-TEC to EUR 15.0 (previously EUR 12.2). We consequently raise our recommendation from Accumulate to Buy. No matter which multiple you consider, A-TEC trades with significant discounts (up to 70%) vs. its major peers.
- We estimate that the issue of a new convertible bond and subsequent repurchase of an old convertible bond trading below par will raise A-TEC's group equity ratio to around 13.7% (from 12.7%) and reduce its net gearing ratio to around 88.3% (from 111.4%).
- During A-TEC's CMD, we had the opportunity to meet management and visit two of A-TEC's machinery subsidiaries. We were impressed by the management team and the figures that these two companies deliver.
- We believe that the biggest value trigger for the stock of A-TEC is a continuous reduction of the capital employed, accompanied by a gradually improved group operating margin level. Further growth supported by debt - without an improved balance sheet structure - would be value-destructive for A-TEC, in our opinion. However, we have the impression that A-TEC's management is increasingly aware of this and will act appropriately.
- A significantly declining copper price, as well as debt-fuelled acquisitive growth, remain the biggest threats to A-TEC's stock price.

### Convertible Issue

As of September 23, 2009, A-TEC issued a new convertible bond with the following parameters:

**Nominal value:** EUR 110mn

**Exercise Price:** EUR 14.76 (27.5% premium to average share price as of September 22, 2009)

**Annual coupon:** 8.75%

**Dilution potential:** 7.45mn shares (28.2% of existing shares)

With the proceeds of EUR 110mn, A-TEC repurchased around 48.6% of the outstanding amount of the old convertible bond (issued in 2007) at a market value of EUR 58.4mn. Thus, A-TEC still has around EUR 51.6mn from the proceeds at its disposal.

### Convertible issue improves A-TEC capital structure

The major changes in our new forecast are related to A-TEC's capital structure, given the issue and subsequent repurchase of convertible bonds.

#### A-TEC expected equity and net debt development

in EURmn	30.06.2009	+ Additions / - Deductions	30.09.2009e	
A-TEC equity	316.9	26.3	343.1	1)
Convertible bond I equity - share	25.5	-12.4	13.1	2)
Convertible bond II equity - share	0	20.0	20.0	
<b>A-TEC equity Total</b>	<b>342.4</b>		<b>376.3</b>	
Convertible bond I debt - share	154.5	-75.1	79.3	2)
Convertible bond II debt - share	0	90.0	90.0	
Senior bond	90.3	0.0	90.3	
Personnel Provisions	88.7	0.0	88.7	
Other financial debt	419.5	0.0	419.5	
Group Cash	371.4	51.6	423.0	3)
<b>Net financial debt</b>	<b>292.9</b>		<b>256.1</b>	
<b>Net debt</b>	<b>381.6</b>		<b>344.8</b>	
<i>Equity ratio</i>	<i>12.7%</i>		<i>13.7%</i>	
<i>Net financial gearing</i>	<i>85.5%</i>		<i>64.8%</i>	
<i>Net gearing</i>	<i>111.4%</i>		<i>88.3%</i>	

1) Expected book gain after tax (10% tax rate) from convertible I repurchase

2) From the EUR 87.6mn repurchases, EUR 12.4mn pertain to equity and EUR 75.1mn to debt

3) EUR 51.6mn are the remaining proceeds from the convertible II issue after the repurchase of around 48.6% of the old convertible bond

Source: A-TEC, Erste Group calculations (excl. results from Q3)

### Equity ratio up – net gearing down

The graph above shows that this transaction will help to raise A-TEC's group equity total, mainly due to a quite substantial one-off gain from the partial repurchase of convertible bond I below nominal value (EUR 26.3mn, assuming a tax rate of 10%). Additionally, net debt will drop by an expected amount of around EUR 29.2mn. Overall, A-TEC's group equity ratio should rise to around (13.7%) and the net gearing ratio is expected to improve substantially, from 111.4% to 88.3%. Please keep in mind that our graph above does not take any impacts from the 3Q09 results into consideration. Thus, A-TEC's equity and debt figures as of 3Q09 will differ from our expected values.

**Forecast and DCF valuation**

**Plant construction to weigh on 2010 sales**

We believe that 2009 and 2010 will remain difficult years for A-TEC, with continuously declining sales. We expect that the prolonged sales drop on the group level will be a consequence of the rather weak order intake in the plant construction division YTD 2009 (-58.7% y/y after 1H09). With regards to sales, all of the other divisions should have seen the bottom in 2009. From 2010 on, we expect the results of the Drive Technology and Machine Tools divisions to gradually improve. Due to positive one-off copper inventory effects in 2009 (EUR 16mn as of 1H09), we expect lower EBIT for the copper division in 2010 compared to 2009.

**Divisional EBIT and sales forecast 2008 – 2014e**

<b>A-TEC</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>	<b>2014e</b>
Plant Construction	1,631.1	1,843.1	1,474.5	1,548.2	1,857.9	2,136.6	2,222.0
Drive Technology	392.4	321.8	321.8	370.0	425.5	455.3	487.2
Machine Tools	370.1	294.8	301.2	316.1	363.5	403.1	430.6
Minerals & Metals	864.9	484.1	553.4	643.0	683.0	684.0	684.0
Consolidation							
<b>Group Sales</b>	<b>3,258.5</b>	<b>2,943.8</b>	<b>2,650.8</b>	<b>2,877.3</b>	<b>3,329.9</b>	<b>3,678.9</b>	<b>3,823.9</b>
<i>Group Sales growth</i>	<i>38.0%</i>	<i>-9.7%</i>	<i>-10.0%</i>	<i>8.5%</i>	<i>15.7%</i>	<i>10.5%</i>	<i>3.9%</i>
<b>Sales growth</b>							
<i>Plant Construction</i>	<i>55.9%</i>	<i>13.0%</i>	<i>-20.0%</i>	<i>5.0%</i>	<i>20.0%</i>	<i>15.0%</i>	<i>4.0%</i>
<i>Drive Technology</i>	<i>-6.0%</i>	<i>-18.0%</i>	<i>0.0%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>7.0%</i>	<i>7.0%</i>
<i>Machine Tools</i>	<i>74.7%</i>	<i>-20.4%</i>	<i>2.2%</i>	<i>5.0%</i>	<i>15.0%</i>	<i>10.9%</i>	<i>6.8%</i>
<i>Minerals &amp; Metals</i>	<i>26.2%</i>	<i>-44.0%</i>	<i>14.3%</i>	<i>16.2%</i>	<i>6.2%</i>	<i>0.1%</i>	<i>0.0%</i>
<b>EBIT</b>							
Plant Construction	68.2	58.3	43.6	46.1	56.8	66.3	75.7
Drive Technology	-2.9	6.1	10.9	16.5	23.1	29.9	32.5
Machine Tools	29.7	12.3	18.9	25.2	32.7	37.4	40.4
Minerals & Metals	-57.7	27.5	18.9	24.6	27.9	27.6	27.3
Consolidation	-17.9	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
<b>Group EBIT</b>	<b>19.4</b>	<b>99.2</b>	<b>87.2</b>	<b>107.5</b>	<b>135.6</b>	<b>156.2</b>	<b>170.9</b>
<i>Group EBIT margin</i>	<i>0.6%</i>	<i>3.4%</i>	<i>3.3%</i>	<i>3.7%</i>	<i>4.1%</i>	<i>4.2%</i>	<i>4.5%</i>
<b>EBIT-margin</b>							
<i>Plant Construction</i>	<i>4.2%</i>	<i>3.2%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>3.1%</i>	<i>3.1%</i>	<i>3.4%</i>
<i>Drive Technology</i>	<i>-0.7%</i>	<i>1.9%</i>	<i>3.4%</i>	<i>4.5%</i>	<i>5.4%</i>	<i>6.6%</i>	<i>6.7%</i>
<i>Machine Tools</i>	<i>8.0%</i>	<i>4.2%</i>	<i>6.3%</i>	<i>8.0%</i>	<i>9.0%</i>	<i>9.3%</i>	<i>9.4%</i>
<i>Minerals &amp; Metals</i>	<i>-6.7%</i>	<i>5.7%</i>	<i>3.4%</i>	<i>3.8%</i>	<i>4.1%</i>	<i>4.0%</i>	<i>4.0%</i>

Source: A-TEC, Erste Group estimates 2009e - 2014e

**EPS impacted by convertible issue**

Our main changes to our estimates are related to EPS. This is mainly driven by the expected additional interest expense from the new convertible bond of around EUR 9.6mn p.a., which burdens our net result expectations for 2010 and 2011. However, as a consequence of the quite substantial interest burden from the convertible, our calculated diluted earnings from a full conversion of bond I (7.45mn new shares, 29.4% dilution) are just a touch lower than the basic EPS in 2011 and are even higher in 2010, due to the rather low expected operating result (EUR 78.8mn) in relation to the expected financial result (EUR -53.7mn).

## Company Report – A-Tec

### Estimate changes 2009e – 2011e

in EURmn	2009e			2010e			2011e		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
Sales	2,926.1	2,943.8	0.6%	2,541.0	2,650.8	4.3%	2,552.9	2,877.3	12.7%
EBITDA	140.0	148.7	6.2%	136.0	136.8	0.6%	155.5	157.2	1.1%
Margin	4.8%	5.1%		5.4%	5.2%		6.1%	5.5%	
EBIT	90.8	99.2	9.3%	87.0	87.2	0.3%	106.3	107.5	1.1%
Margin in %	3.1%	3.4%		3.4%	3.3%		4.2%	3.7%	
EPS (in EUR)	1.16	1.94	67.7%	1.11	0.84	-24.1%	1.62	1.33	-18.0%
EPS diluted (in EUR)	n.a.	1.97	n.a.	n.a.	0.91	n.a.	n.a.	1.29	n.a.

Source: Erste Group estimates

### Two different scenarios

Valuation-wise, we have decided to present two DCF models. DCF model I assumes no dilution at all and we therefore deduct the entire amount of both convertibles outstanding (EUR 202.4mn) from our Enterprise Value, treating them as debt. In a second scenario, we assumed the conversion of bond II. With an exercise price of EUR 56.25, we do not expect that bond I will be converted until 2014 and thus continue to deduct the remaining nominal value outstanding of bond I (EUR 92.4mn) under this scenario as debt.

### New EUR 15.0 target equity price

Scenario I, assuming no conversion, yields a 12-month equity value of EUR 15.1 per share. Scenario II, assuming a full conversion of bond II (adding 7.45mn new shares), yields a slightly higher 12-month equity value of EUR 15.3 per share. Thus, adding EUR 110mn to A-TEC's equity outweighs the dilution. We therefore decided to set our new 12-month target equity price at EUR 15.0. This target price includes a 15% conglomerate discount.

## Company Report – A-Tec

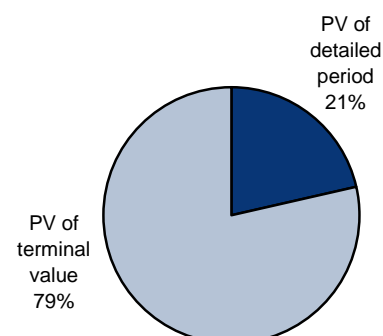
### Scenario I / WACC calculation

	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	5.0%
Equity risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.5	1.5	1.5	1.5	1.5	1.3
<b>Cost of equity</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>
Cost of debt	9.0%	9.0%	9.0%	9.0%	9.0%	10.0%
Effective tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
<b>After-tax cost of debt</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>7.0%</b>
Equity weight	70%	70%	70%	70%	70%	80%
<b>WACC</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>10.6%</b>

### DCF valuation

(EUR mn)	2010e	2011e	2012e	2013e	2014e	2015e (TV)
<i>Sales growth</i>	-9.6%	-10.0%	8.5%	15.7%	10.5%	4.0%
EBIT	99.2	87.2	107.5	135.6	156.2	133.9
<i>EBIT margin</i>	3.4%	3.3%	3.7%	4.1%	4.2%	3.5%
<i>Tax rate</i>	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Taxes on EBIT	-29.8	-26.2	-32.2	-40.7	-46.9	-40.2
<b>NOPLAT</b>	<b>69.5</b>	<b>61.1</b>	<b>75.2</b>	<b>94.9</b>	<b>109.4</b>	<b>93.7</b>
+ Depreciation	49.5	49.8	50.6	52.2	54.1	54.1
<i>Capital expenditures / Depreciation</i>	116.3%	101.5%	108.9%	119.6%	137.5%	105.0%
+/- Change in working capital	3.9	-16.5	-8.3	15.4	0.5	-7.4
<i>Chg. working capital / chg. Sales</i>	-1.2%	5.6%	-3.7%	3.4%	0.1%	-5.0%
- Capital expenditures	-57.6	-50.5	-55.1	-62.4	-74.5	-56.9
<b>Free cash flow to the firm</b>	<b>65.3</b>	<b>43.8</b>	<b>62.4</b>	<b>100.1</b>	<b>89.5</b>	<b>83.7</b>
<i>Terminal value growth</i>						1.0%
Terminal value						880.3
Discounted free cash flow - Dec 31 2009	59.4	36.2	47.0	68.5	55.8	542.7
<b>Enterprise value - Dec 31 2009</b>	<b>809.5</b>					
Minorities	3.3					
Non-operating assets	0.0					
Net debt	337.2					
Equity component of convertible bond I + II	32.8					
<b>Equity value - Dec 31 2009</b>	<b>436.2</b>					
Number of shares outstanding (mn)	26.4					
Cost of equity	11.5%					
<b>12M net present value per share (EUR)</b>	<b>17.8</b>					
Conglomerate Discount	15%					
<b>12M target equity price per share (EUR)</b>	<b>15.1</b>					
Current share price (EUR)	10.7					
<i>Up/Downside</i>	41.5%					

### Enterprise value breakdown



### Sensitivity (per share)

		Terminal value EBIT margin				
		2.5%	3.0%	3.5%	4.0%	4.5%
WACC	9.6%	10.6	13.9	17.3	20.6	24.0
	10.1%	9.8	13.0	16.1	19.3	22.5
	10.6%	9.1	12.1	15.1	18.1	21.1
	11.1%	8.5	11.3	14.2	17.0	19.9
	11.6%	7.9	10.6	13.3	16.1	18.8
		Terminal value growth				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC	9.6%	15.1	16.1	17.3	18.6	20.0
	10.1%	14.2	15.1	16.1	17.3	18.6
	10.6%	13.3	14.2	15.1	16.1	17.3
	11.1%	12.6	13.3	14.2	15.1	16.1
	11.6%	11.9	12.6	13.3	14.2	15.1

## Company Report – A-Tec

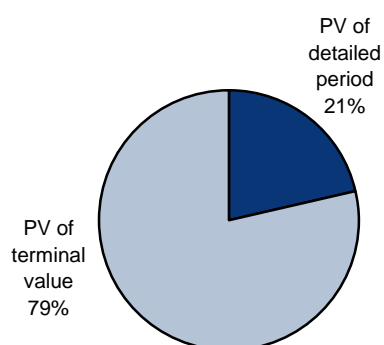
### Scenario II / WACC calculation

	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Risk free rate	4.0%	4.0%	4.0%	4.0%	4.0%	5.0%
Equity risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.5	1.5	1.5	1.5	1.5	1.3
<b>Cost of equity</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>	<b>11.5%</b>
Cost of debt	9.0%	9.0%	9.0%	9.0%	9.0%	10.0%
Effective tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
<b>After-tax cost of debt</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>7.0%</b>
Equity weight	70%	70%	70%	70%	70%	80%
<b>WACC</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>9.9%</b>	<b>10.6%</b>

### DCF valuation

(EUR mn)	2010e	2011e	2012e	2013e	2014e	2015e (TV)
<i>Sales growth</i>	-9.6%	-10.0%	8.5%	15.7%	10.5%	4.0%
EBIT	99.2	87.2	107.5	135.6	156.2	133.9
<i>EBIT margin</i>	3.4%	3.3%	3.7%	4.1%	4.2%	3.5%
<i>Tax rate</i>	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Taxes on EBIT	-29.8	-26.2	-32.2	-40.7	-46.9	-40.2
<b>NOPLAT</b>	<b>69.5</b>	<b>61.1</b>	<b>75.2</b>	<b>94.9</b>	<b>109.4</b>	<b>93.7</b>
+ Depreciation	49.5	49.8	50.6	52.2	54.1	54.1
<i>Capital expenditures / Depreciation</i>	116.3%	101.5%	108.9%	119.6%	137.5%	105.0%
+/- Change in working capital	3.9	-16.5	-8.3	15.4	0.5	-7.4
<i>Chg. working capital / chg. Sales</i>	-1.2%	5.6%	-3.7%	3.4%	0.1%	-5.0%
- Capital expenditures	-57.6	-50.5	-55.1	-62.4	-74.5	-56.9
<b>Free cash flow to the firm</b>	<b>65.3</b>	<b>43.8</b>	<b>62.4</b>	<b>100.1</b>	<b>89.5</b>	<b>83.7</b>
<i>Terminal value growth</i>						1.0%
Terminal value						880.3
Discounted free cash flow - Dec 31 2009	59.4	36.2	47.0	68.5	55.8	542.7
<b>Enterprise value - Dec 31 2009</b>	<b>809.5</b>					
Minorities	3.3					
Equity component of convertible bond I	13.1					
Net debt	337.2					
Equity addition through convertible II	-110.0					
<b>Equity value - Dec 31 2009</b>	<b>565.9</b>					
Number of shares outstanding (mn)	33.9					
Cost of equity	11.5%					
<b>12M net present value per share (EUR)</b>	<b>18.0</b>					
Conglomerate Discount	15%					
<b>12M target equity price per share (EUR)</b>	<b>15.3</b>					
Current share price (EUR)	10.7					
<i>Up/Downside</i>	43.2%					

### Enterprise value breakdown



### Sensitivity (per share)

		Terminal value EBIT margin				
		2.5%	3.0%	3.5%	4.0%	4.5%
WACC	9.6%	11.7	14.4	17.0	19.6	22.2
	10.1%	11.1	13.6	16.1	18.6	21.0
	10.6%	10.6	12.9	15.3	17.6	20.0
	11.1%	10.1	12.3	14.6	16.8	19.0
	11.6%	9.6	11.8	13.9	16.0	18.1
		Terminal value growth				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC	9.6%	15.3	16.1	17.0	18.0	19.1
	10.1%	14.6	15.3	16.1	17.0	18.0
	10.6%	13.9	14.6	15.3	16.1	17.0
	11.1%	13.3	13.9	14.6	15.3	16.1
	11.6%	12.8	13.3	13.9	14.6	15.3

## Company Report – A-Tec

### Peer group comparison

#### Significant discounts confirm DCF model outcome

Our peer group comparison shows significant discounts for A-TEC, no matter which multiple you choose. Based on EV/Sales, the discounts are the highest (68-70%); on a P/E basis, the discounts tend to be lower (21-40%). Due to the significant EUR 29.2mn expected pre-tax gain from the convertible bond repurchase in 2009, we would not take A-TEC's 2009e EPS for comparison purposes.

AE&E Peers	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2009e	2010e	2011e	2009e	2010e	2011e	2009e	2010e	2011e	2009e	2010e	2011e
Alstom SA	0.6 x	0.6 x	0.6 x	6.0 x	6.3 x	6.1 x	7.5 x	8.1 x	8.0 x	11.8 x	12.7 x	13.3 x
Siemens AG	0.9 x	0.9 x	0.8 x	7.4 x	7.8 x	6.7 x	10.6 x	11.4 x	9.5 x	12.4 x	13.3 x	11.4 x
Andritz Ag	0.5 x	0.4 x	0.4 x	6.8 x	6.0 x	4.8 x	9.5 x	8.0 x	6.2 x	17.3 x	15.2 x	12.5 x
Rafako (Fabryka Kotlow)	0.4 x	0.4 x	0.4 x	7.0 x	7.1 x	7.0 x	9.1 x	9.5 x	9.1 x	18.7 x	16.7 x	15.4 x
<b>Median</b>	<b>0.5 x</b>	<b>0.5 x</b>	<b>0.5 x</b>	<b>6.9 x</b>	<b>6.7 x</b>	<b>6.4 x</b>	<b>9.3 x</b>	<b>8.8 x</b>	<b>8.6 x</b>	<b>14.9 x</b>	<b>14.3 x</b>	<b>12.9 x</b>
EMCO Peers	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2009e	2010e	2011e	2009e	2010e	2011e	2009e	2010e	2011e	2009e	2010e	2011e
Gildemeister AG	0.4 x	0.4 x	0.4 x	8.6 x	7.3 x	6.0 x	15.6 x	11.8 x	9.0 x	57.3 x	23.6 x	17.3 x
										21.3 x		
<b>Median</b>	<b>0.4 x</b>	<b>0.4 x</b>	<b>0.4 x</b>	<b>8.6 x</b>	<b>7.3 x</b>	<b>6.0 x</b>	<b>15.6 x</b>	<b>11.8 x</b>	<b>9.0 x</b>	<b>39.3 x</b>	<b>23.6 x</b>	<b>17.3 x</b>
Brixlegg Peers	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2009e	2010e	2011e	2009e	2010e	2011e	2009e	2010e	2011e	2009e	2010e	2011e
Norddeutsche Affinerie AG	0.3 x	0.3 x	0.3 x	11.6 x	6.7 x	5.7 x	27.7 x	10.4 x	8.4 x	49.8 x	12.6 x	9.6 x
KGHM Polska Miedz SA	1.6 x	1.6 x	1.6 x	4.8 x	6.0 x	5.8 x	6.2 x	8.1 x	7.3 x	8.2 x	9.9 x	9.2 x
<b>Median</b>	<b>1.0 x</b>	<b>0.9 x</b>	<b>0.9 x</b>	<b>8.2 x</b>	<b>6.3 x</b>	<b>5.7 x</b>	<b>16.9 x</b>	<b>9.2 x</b>	<b>7.8 x</b>	<b>29.0 x</b>	<b>11.3 x</b>	<b>9.4 x</b>
ATB Peers	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
	2009e	2010e	2011e	2009e	2010e	2011e	2009e	2010e	2011e	2009e	2010e	2011e
Emerson Electric Co.	1.6 x	1.7 x	1.6 x	9.3 x	10.1 x	9.6 x	11.8 x	12.7 x	11.6 x	18.1 x	20.0 x	17.1 x
Schneider Electric SA	1.4 x	1.4 x	1.3 x	10.1 x	9.0 x	7.3 x	13.9 x	11.8 x	9.3 x	17.9 x	15.3 x	12.2 x
ABB Ltd	1.3 x	1.3 x	1.2 x	9.1 x	9.9 x	8.2 x	10.9 x	12.0 x	9.7 x	17.7 x	19.7 x	16.8 x
Siemens AG	0.9 x	0.9 x	0.8 x	7.4 x	7.8 x	6.7 x	10.6 x	11.4 x	9.5 x	12.4 x	13.3 x	11.4 x
<b>Median</b>	<b>1.3 x</b>	<b>1.4 x</b>	<b>1.2 x</b>	<b>9.2 x</b>	<b>9.4 x</b>	<b>7.8 x</b>	<b>11.3 x</b>	<b>11.9 x</b>	<b>9.6 x</b>	<b>17.8 x</b>	<b>17.5 x</b>	<b>14.5 x</b>
<b>Weighted Median</b>	<b>0.7 x</b>	<b>0.7 x</b>	<b>0.7 x</b>	<b>7.8 x</b>	<b>7.3 x</b>	<b>6.4 x</b>	<b>12.2 x</b>	<b>9.9 x</b>	<b>8.7 x</b>	<b>21.7 x</b>	<b>16.0 x</b>	<b>13.4 x</b>
<b>A-TEC</b>	<b>0.2 x</b>	<b>0.2 x</b>	<b>0.2 x</b>	<b>4.2 x</b>	<b>4.4 x</b>	<b>3.8 x</b>	<b>6.3 x</b>	<b>6.9 x</b>	<b>5.5 x</b>	<b>5.5 x</b>	<b>12.7 x</b>	<b>8.0 x</b>
<b>Premium/Discount</b>	<b>-69%</b>	<b>-68%</b>	<b>-70%</b>	<b>-46%</b>	<b>-40%</b>	<b>-42%</b>	<b>-49%</b>	<b>-30%</b>	<b>-37%</b>	<b>-75%</b>	<b>-21%</b>	<b>-40%</b>

Source: Factset, Erste Group estimates

## Company Report – A-Tec

<b>Income Statement</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>
(IAS, EUR mn, 31/12)	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010	31/12/2011
<b>Net sales</b>	<b>1,594.37</b>	<b>2,360.98</b>	<b>3,256.87</b>	<b>2,943.75</b>	<b>2,650.80</b>	<b>2,877.31</b>
Invent. changes + capitalized costs	32.54	29.38	-41.58	14.75	13.28	14.42
<b>Total revenues</b>	<b>1,626.91</b>	<b>2,390.37</b>	<b>3,215.29</b>	<b>2,958.50</b>	<b>2,664.08</b>	<b>2,891.73</b>
Other operating revenues	27.33	72.02	57.38	50.04	45.06	48.91
Material costs	-1,095.21	-1,727.45	-2,399.16	-2,151.60	-1,935.32	-2,094.09
Personnel costs	-286.58	-364.61	-501.88	-454.13	-408.48	-441.99
Other operating expenses	-147.27	-204.04	-294.36	-254.14	-228.59	-247.35
<b>EBITDA</b>	<b>125.17</b>	<b>166.29</b>	<b>77.28</b>	<b>148.68</b>	<b>136.76</b>	<b>157.22</b>
Depreciation/amortization	-33.16	-72.98	-57.88	-49.46	-49.51	-49.75
<b>EBIT</b>	<b>92.02</b>	<b>93.31</b>	<b>19.40</b>	<b>99.21</b>	<b>87.25</b>	<b>107.46</b>
Financial result	-13.45	-44.09	-31.72	-25.86	-53.56	-54.40
Extraordinary result	-7.28	-17.41	0.00	0.00	0.00	0.00
<b>EBT</b>	<b>71.29</b>	<b>31.81</b>	<b>-12.32</b>	<b>73.35</b>	<b>33.68</b>	<b>53.06</b>
Income taxes	8.23	-4.13	-14.44	-22.01	-10.11	-15.92
Result from discontinued operations	0.00	0.00	-6.90	0.00	0.00	0.00
Minorities and cost of hybrid capital	-2.34	12.70	-0.22	0.00	-1.35	-2.12
<b>Net result after minorities</b>	<b>77.19</b>	<b>40.38</b>	<b>-33.88</b>	<b>51.35</b>	<b>22.23</b>	<b>35.02</b>
<b>Balance Sheet</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>
(IAS, EUR mn, 31/12)						
Intangible assets	255.08	290.62	272.49	275.06	277.57	280.02
Tangible assets	281.16	468.08	518.14	523.69	522.17	525.02
Financial assets	15.64	18.18	19.54	19.54	19.54	19.54
<b>Total fixed assets</b>	<b>551.89</b>	<b>776.88</b>	<b>810.17</b>	<b>818.29</b>	<b>819.28</b>	<b>824.58</b>
Inventories	210.55	334.04	263.10	264.94	238.57	258.96
Receivables and other current assets	439.05	1,334.61	1,177.42	1,114.08	971.29	1,039.22
Other assets	53.44	55.10	54.57	57.30	60.16	63.17
Cash and cash equivalents	310.95	399.74	446.74	499.03	436.38	453.13
<b>Total current assets</b>	<b>1,013.98</b>	<b>2,123.49</b>	<b>1,941.82</b>	<b>1,935.35</b>	<b>1,706.41</b>	<b>1,814.48</b>
<b>TOTAL ASSETS</b>	<b>1,565.87</b>	<b>2,900.37</b>	<b>2,751.99</b>	<b>2,753.64</b>	<b>2,525.69</b>	<b>2,639.06</b>
Shareholders'equity	298.64	388.65	308.28	356.31	378.54	413.56
Minorities	19.38	7.68	3.30	3.30	4.65	6.77
Hybrid capital and other reserves	0.00	0.00	0.00	0.00	0.00	0.00
Pension and other LT personnel accruals	66.31	88.21	86.95	86.95	90.99	95.43
Other LT provisions	0.00	0.00	0.00	0.00	0.00	0.00
Interest-bearing LT debts	268.57	586.16	425.72	440.24	349.94	349.94
Other LT liabilities	87.78	111.58	107.60	117.45	117.45	117.45
<b>Total long-term liabilities</b>	<b>356.34</b>	<b>697.75</b>	<b>533.32</b>	<b>557.69</b>	<b>467.39</b>	<b>467.39</b>
Interest-bearing ST debts	109.31	377.22	309.08	309.08	309.08	309.08
Other ST liabilities	715.89	1,340.88	1,511.06	1,440.31	1,275.04	1,346.82
<b>Total short-term liabilities</b>	<b>825.20</b>	<b>1,718.10</b>	<b>1,820.14</b>	<b>1,749.39</b>	<b>1,584.12</b>	<b>1,655.91</b>
<b>TOTAL LIAB. , EQUITY</b>	<b>1,565.87</b>	<b>2,900.37</b>	<b>2,751.99</b>	<b>2,753.64</b>	<b>2,525.69</b>	<b>2,639.06</b>
<b>Cash Flow Statement</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>
(IAS, EUR mn, 31/12)						
Cash flow from operating activities	135.80	67.62	138.00	98.68	78.15	71.80
Cash flow from investing activities	-51.39	-385.79	240.74	-57.58	-50.50	-55.05
Cash flow from financing activities	74.77	291.06	-252.69	14.52	-90.30	0.00
<b>CHANGE IN CASH , CASH EQU.</b>	<b>157.42</b>	<b>-32.60</b>	<b>115.80</b>	<b>55.61</b>	<b>-62.65</b>	<b>16.75</b>
<b>Margins &amp; Ratios</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>
Sales growth	47.1%	48.1%	37.9%	-9.6%	-10.0%	8.5%
EBITDA margin	7.7%	7.0%	2.4%	5.0%	5.1%	5.4%
EBIT margin	5.7%	3.9%	0.6%	3.4%	3.3%	3.7%
Net profit margin	4.9%	1.2%	-0.8%	1.7%	0.9%	1.3%
ROE	37.5%	11.7%	-9.7%	15.5%	6.1%	8.8%
ROCE	19.1%	7.2%	4.3%	11.2%	7.5%	9.1%
Equity ratio	20.3%	13.7%	11.3%	13.1%	15.2%	15.9%
Net debt	133.2	651.8	375.0	337.2	313.6	301.3
Working capital	135.3	350.3	67.1	128.7	62.1	95.4
Capital employed	539.0	1,159.7	794.2	814.3	814.3	839.1
Inventory turnover						

Source: Company data, Erste Group estimates

## Contacts

### Group Research

#### Head of Group Research

Friedrich Mostböck, CEFA +43 (0)5 0100 - 11902

#### CEE Equity Research

Co-Head: Günther Artner, CFA +43 (0)5 0100 - 11523

Co-Head: Henning Eßkuchen +43 (0)5 0100 - 19634

Günter Hohberger (Banks) +43 (0)5 0100 - 17354

Franz Hörl, CFA (Steel, Construction) +43 (0)5 0100 - 18506

Gernot Jany, CFA (Banks, Real Estate) +43 (0)5 0100 - 11903

Daniel Lion, CIIA (IT) +43 (0)5 0100 - 17420

Martina Valenta, MBA (Transp., Paper) +43 (0)5 0100 - 11913

Christoph Schultes, CIIA (Ins., Util.) +43 (0)5 0100 - 16314

Thomas Unger +43 (0)5 0100 - 17344

Vera Sutedja, CFA (Telecom) +43 (0)5 0100 - 11905

Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 - 17343

Gerald Walek, CFA (Machinery) +43 (0)5 0100 - 16360

#### International Equities

Hans Engel (Market strategist) +43 (0)5 0100 - 19835

Stephan Lingnau (Europe) +43 (0)5 0100 - 16574

Ronald Stöferle (Asia) +43 (0)5 0100 - 11723

#### Macro/Fixed Income Research

Head: Gudrun Egger, CEFA (Euroland) +43 (0)5 0100 - 11909

Alihan Karadagoglu (Corporates) +43 (0)5 0100 - 19633

Rainer Singer (US) +43 (0)5 0100 - 11185

Elena Statelov, CIIA (Corporates) +43 (0)5 0100 - 19641

Mildred Hager (SW, Japan) +43 (0)5 0100 - 17331

#### Macro/Fixed Income Research CEE

Co-Head CEE: Juraj Kotian (Macro/FI) +43 (0)5 0100 - 17357

Co-Head CEE: Rainer Singer (Macro/FI) +43 (0)5 0100 - 11185

#### Editor Research CEE

Brett Aarons +420 233 005 904

#### Research, Croatia/Serbia

Head: Mladen Dodig +381 11 22 00 866

Damir Cukman (Equity) +385 62 37 2812

Alen Kovac (Fixed income) +385 62 37 1383

Iva Cerovsky (Fixed income) +385 62 37 1716

Davor Spoljar (Equity) +385 62 37 2825

#### Research, Czech Republic

Head: David Navratil (Fixed income) +420 224 995 439

Petr Bartek (Equity) +420 224 995 227

Jana Krajcova (Fixed income) +420 224 995 232

Radim Kramule (Equity) +420 224 995 213

Martin Lobotka (Fixed income) +420 224 995 192

Lubos Mokras (Fixed income) +420 224 995 456

Jakub Zidon (Equity) +420 224 995 340

#### Research, Hungary

Head: József Miró (Equity) +361 235-5131

Bernadett Papp (Equity) +361 235-5135

Gergely Gabler (Equity) +361 253-5133

Orsolya Nyeste (Fixed income) +361 373-2830

#### Research, Poland

Head: Artur Iwanski (Equity) +48 22 330 6253

Magda Jagodzinska (Equity) +48 22 330 6250

Tomasz Kasowicz (Equity) +48 22 330 6251

Piotr Lopaciuk (Equity) +48 22 330 6252

Marek Czachor (Equity) +48 22 330 6254

Wiktor Tymochowicz (Equity) +48 22 330 6253

#### Research, Romania

Head: Lucian Claudiu Anghel +40 21 312 6773

Mihai Caruntu (Equity) +40 21 311 27 54

Dumitru Dulgheru (Fixed income) +40 21 312 6773 1028

Christian Mladin (Fixed income) +40 21312 6773 - 1028

Loredana Oancea (Equity) +40 21311 2754

Eugen Sinca (Fixed income) +40 21312 6773 - 1028

Raluca Ungureanu (Equity) +40 21311 2754

#### Research, Slovakia

Head: Juraj Barta (Fixed income) +421 2 4862 4166

Michal Musak (Fixed income) +421 2 4862 4512

Maria Valachyova (Fixed income) +421 2 4862 4185

#### Research, Ukraine

Victor Stefanyshyn (Fixed Income) +38 044 593 - 1784

Svitlana Bazilevich (Equity) +38 044 593 - 9286

Maryan Zablotysky (Fixed income) +38 044 593 - 9188

#### Institutional Sales

##### Head of Sales Equities & Derivatives

Michal Rizek +44 20 7623 - 4154

Brigitte Zeitberger-Schmid +43 (0)5 0100 - 83123

##### Equity Sales Vienna XETRA & CEE

Hind Al Jassani +43 (0)5 0100 - 83111

Werner Fuerst +43 (0)5 0100 - 83114

Josef Kerekes +43 (0)5 0100 - 83125

Cormac Lyden +43 (0)5 0100 - 83127

Stefan Raidl +43 (0)5 0100 - 83113

Simone Rentschler +43 (0)5 0100 - 83124

##### Sales Derivatives

Christian Luig +43 (0)5 0100 - 83181

Manuel Kessler +43 (0)5 0100 - 83182

Sabine Kircher +43 (0)5 0100 - 83161

Christian Klikovich +43 (0)5 0100 - 83162

Armin Pffingstl +43 (0)5 0100 - 83171

Roman Rafeiner +43 (0)5 0100 - 83172

##### Equity Sales, London

Dieter Benesch +44 20 7623 - 4154

Tatyana Dachyshyn +44 20 7623 - 4154

Declan Wooloughan +44 20 7623 - 4154

##### Sales, Croatia

Zeljka Kajkut (Equity) +38 562 37 28 11

Damir Eror (Equity) +38 562 37 28 13

##### Sales, Czech Republic

Michal Brezna (Equity) +420 224 995-523

Ondrej Cech (Fixed income) +420 224 995-577

Michal Rizek +420 224 995-537

Jiri Smehlik (Equity) +420 224 995-510

Pavel Zdichynec (Fixed income) +420 224 995-590

##### Sales, Hungary

Gregor Glatzer (Equity) +361 235-5144

Krisztián Kandik (Equity) +361 235-5140

Istvan Kovacs (Fixed income) +361 235-5846

##### Sales, Poland

Head: Andrzej Tabor +4822 330 62 03

Pawel Czuprynski (Equity) +4822 330 62 12

Lukasz Mitan (Equity) +4822 330 62 13

Jacek Kryszynski (Equity) +4822 330 62 18

##### Sales, Slovakia

Head: Dusan Svitek +48 62 56 20

Rado Stopiak (Derivatives) +48 62 56 01

Andrea Slesarova (Client sales) +48 62 56 27

### Treasury - Erste Bank Vienna

#### Saving Banks & Sales Retail

Head: Thomas Schaffler +43 (0)5 0100 - 84225

#### Equity Retail Sales

Head: Kurt Gerhold +43 (0)5 0100 - 84232

#### Fixed Income & Certificate Sales

Head: Thomas Schaffler +43 (0)5 0100 - 84225

#### Treasury Domestic Sales

Head: Markus Kaller +43 (0)5 0100 - 84239

#### Corporate Desk

Head: Leopold Sokolicek +43 (0)5 0100 - 84601

Alexandra Blach +43 (0)5 0100 - 84141

Markus Pistracher +43 (0)5 0100 - 84100

Roman Friesacher +43 (0)5 0100 - 84143

Helmut Kirchner +43 (0)5 0100 - 84144

Christian Skopek +43 (0)5 0100 - 84146

#### Fixed Income Institutional Desk

Head: Thomas Almen +43 (0)5 0100 - 84323

Martina Fux +43 (0)5 0100 - 84113

#### Fixed Income International & High End Sales Vienna

Jaromir Malak/ Zach Carvell +43 (0)5 100 - 84254

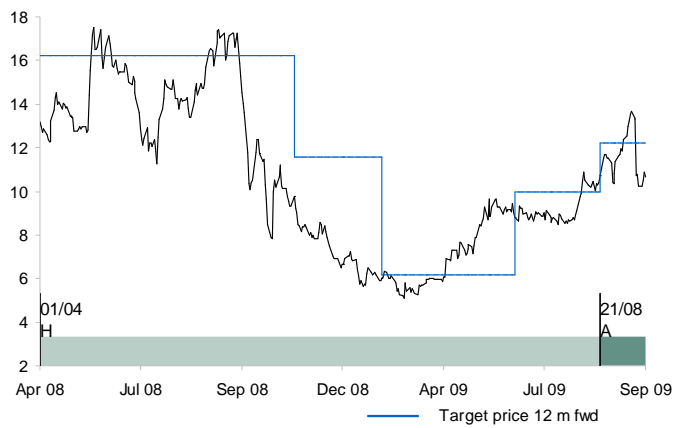
U. Inhofner/ P. Zagan/ C. Mitu +43 (0)5 100 - 84254

#### Fixed Income International Sales London

Paul Osment/ Simone Pilz +44 20 7623 4159

# Company Report – A-Tec

## A-Tec



## Rating history

Date	Rating	Price	Target Price
21. Aug 09	Accumulate	10.70	12.20
03. Mar 08	Hold	14.01	16.25
24. Mar 07	Buy	38.70	48.75
22. Feb 07	Hold	37.50	37.25
17. Jan 07	Accumulate	29.25	31.25

## Company

A-Tec

## Disclosure

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## Important Disclosures

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**Specific disclosures:**

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- (5) Erste Group and/or its affiliate(s) have other significant financial interests in relation to the covered company.

**Erste Group rating definitions**

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

**Distribution of ratings**

Recommendation	Coverage universe		Inv. banking-relationship	
	No.	in %	No.	in %
Buy	19	14.6	4	30.8
Accumulate	30	23.1	1	7.7
Hold	42	32.3	4	30.8
Reduce	15	11.5	3	23.1
Sell	9	6.9	0	0.0
N.R./UND.REV./RESTR.	15	11.5	1	7.7
<b>Total</b>	<b>130</b>	<b>100.0</b>	<b>13</b>	<b>100.0</b>

Published by Erste Group Bank AG, Neutorgasse 17, 1010 Vienna, Austria.

Phone +43 (0)5 0100 - ext.

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