ERSTE GROUP

Company Report – Diversified Industrial – Austria – November 11, 2009

A-Tec Buy

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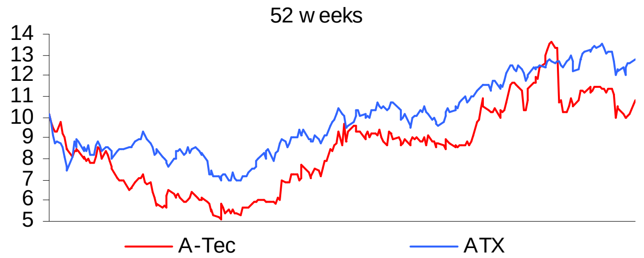
EUR mn	2008	2009e	2010e	2011e
Net sales	3,256.9	2,932.1	2,611.7	2,836.2
EBITDA	77.3	167.9	136.9	155.8
EBIT	19.4	118.4	87.4	106.1
Net result after min.	-33.9	59.7	23.4	35.2
EPS (EUR)	-1.31	2.26	0.89	1.33
CEPS (EUR)	0.67	4.41	2.81	3.27
BVPS (EUR)	12.32	13.81	14.70	16.03
Div./share (EUR)	0.00	0.00	0.00	0.00
EV/EBITDA (x)	7.0	4.0	4.5	3.8
P/E (x)	nm	4.8	12.2	8.1
P/CE (x)	9.9	2.5	3.9	3.3
Dividend Yield	0.0%	0.0%	0.0%	0.0%



Performance	12M	6M	3M	1M
in EUR	6.8%	16.7%	3.4%	-3.1%

Share price (EUR)	10.85	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)	271.6	Div. Ex-date			Loidold PF (6.8%)
Enterprise value (EUR mn)	673.8	**Target price**	**16.0**	Homepage:	www.a-tecindustries.com

Variety of factors boost stock's upside potential

- **Our DCF model and peer group comparison show significant upside potential of 50% or more. We thus confirm our Buy recommendation for A-TEC and raise our target price to EUR 16.0 (previously EUR 15.0).**

- **3Q09 results were significantly above expectations. A-TEC delivered a free cash-flow of EUR 19.4mn y-t-d. Net debt was roughly unchanged at EUR 414mn, bringing the gearing to 116%.**

- **Management confirmed its guidance, with EUR 3bn in sales and an expected EBIT margin of 3.5%. We deem this too conservative and believe that an EBIT margin of 4.0-4.2% is what investors can expect, as long as A-TEC does not take further restructuring measures.**

- **New orders for capital goods continue their slight uptrend. We thus expect further improved order intake development for A-TEC's machinery and plant construction divisions in the quarters ahead.**

- **The copper price remains stable at around USD 6,500/t. The price would have to decline below USD 5,500/t to harm A-TEC's FY09 operating results. We doubt that this will happen.**

3Q09 figures discussion

3Q09 well above expectations

With regards to profitability, A-TEC's performance was well above market expectations. This strong performance was supported by another positive copper inventory revaluation of EUR 8mn in 3Q09. Development of new orders remained sluggish and even fell by another 18% below the 2Q09 figure. However, new orders in the Drive Technology division already slightly picked up sequentially in 3Q09 (by 1%).

Quarterly figures 1Q08 – 3Q09

IFRS (EURmn)		1Q08	2Q08	3Q08	4Q08	FY08	1Q09	2Q09	3Q09	y/y
Order intake		**713.5**	**834.6**	**1241.7**	**793.7**	**3,583.7**	**426.6**	**302.5**	**247.5**	***-80%***
Sales	Plant Construction	339.3	429.7	357.6	504.5	1,631.1	401.2	494.3	383.1	*7%*
	Drive Technology	111.3	92.0	96.1	93.0	392.4	88.3	72.8	74.9	*-22%*
	Machine Tools	75.4	84.3	88.9	121.5	370.1	78.2	67.9	55.3	*-38%*
	Minerals & Metals	256.0	235.2	224.6	149.1	864.9	126.1	137.2	159.7	*-29%*
	Consolidation	-0.6	-0.2	-0.2	-0.6	-1.6	-2.2	-1.1	2.4	
	Group Sales	**781.4**	**841.0**	**767.0**	**867.5**	**3,256.9**	**691.6**	**771.1**	**675.4**	*-12%*
	Group EBITDA	**51.7**	**40.3**	**21.4**	**-36.1**	**77.3**	**50.7**	**43.1**	**39.9**	***86%***
	Group EBITDA.margin	*6.6%*	*4.8%*	*2.8%*	*neg.*	*2.4%*	*7.3%*	*5.6%*	*5.9%*	*112%*
EBIT	Plant Construction	10.4	18.2	16.9	22.7	68.2	12.0	17.0	13.2	*-22%*
	Drive Technology	4.0	2.6	-1.9	-7.6	-2.9	4.1	2.7	-0.9	*-53%*
	Machine Tools	5.2	5.5	9.1	9.9	29.7	4.7	2.5	-0.8	*-109%*
	Minerals & Metals	24.8	8.3	-16.3	-74.5	-57.7	18.4	10.2	16.2	*n.a.*
	Consolidation	-5.2	-7.4	1.1	-6.4	-17.9	-0.5	-1.3	-0.1	
	Group EBIT	**39.2**	**27.2**	**8.9**	**-55.9**	**19.4**	**38.7**	**31.1**	**27.6**	***210%***
	Group EBIT margin	*5.0%*	*3.2%*	*1.2%*	*neg.*	*0.6%*	*5.6%*	*4.0%*	*4.1%*	
EBIT-margin	*Plant Construction*	*3.1%*	*4.2%*	*4.7%*	*4.5%*	*4.2%*	*3.0%*	*3.4%*	*3.4%*	
	Drive Technology	*3.6%*	*2.8%*	*-2.0%*	*-8.2%*	*-0.7%*	*4.6%*	*3.7%*	*-1.2%*	
	Machine Tools	*6.9%*	*6.5%*	*10.2%*	*8.1%*	*8.0%*	*6.0%*	*3.7%*	*-1.4%*	
	Minerals & Metals	*9.7%*	*3.5%*	*-7.3%*	*-50.0%*	*-6.7%*	*14.6%*	*7.4%*	*10.1%*	

Source: Company Data

3.2% clean EBIT margin

After adjusting A-TEC's 1-3Q09 EBIT for restructuring costs, as well as one-offs like copper inventory revaluation and gains from debt waivers, we derive a clean EBIT margin of 3.2%. A level we consider quite healthy given the fact that we are currently in deepest recession since WW II.

1-3 Q09 EBIT reconciliation	**EURmn**
1- 3 Q09 A-TEC reported EBIT	97.4
Restructuring costs ATB	4.8
Gains for copper revaluation and related hedges	-24.0
Gains from waived scheme debts related to LJ acqusition	-9.7
Total A-TEC 1-3Q 09 clean EBIT	**68.5**
clean EBIT-Margin	***3.2%***

source: Erste Group calculation

Operating cash-flow came in at EUR 60.5mn; adjusted for CAPEX in an amount of EUR 41.2mn A-TEC delivered a free-cash flow of EUR 19.4mn y-t-d.

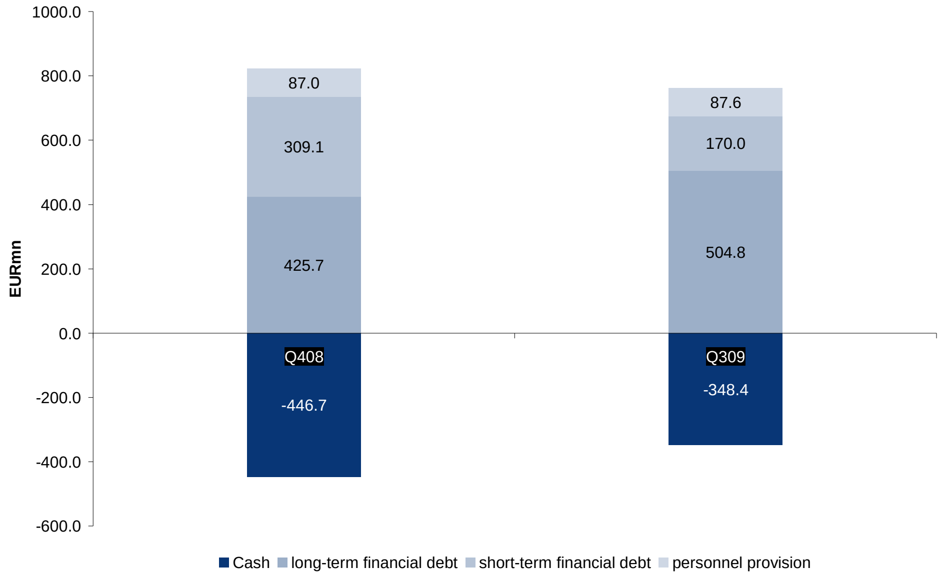
Net debt slightly up – net gearing 116%

As a consequence of significantly lower order intake in the Plant Construction division (-77.3% y/y), down payments were also lower and thus burdened A-TEC's net debt position. As of 3Q09, A-TEC's net debt position stood at around EUR 414mn (after EUR 382mn as of June 30, 2009). Thus, net gearing stands around 116%, including a personnel provision of EUR 87.6mn. We expect that, as of December 31, 2009, this development will improve, due to (1) further positive cash flow development in 4Q09 and (2) the accounting effects of the recent issue of a new convertible bond and the repurchase of around 50% of an old one below the nominal value.

Successful debt management

The graph below shows that A-TEC's gross financial debt was first of all reduced by around 8% from EUR 822mn after Q408 to EUR 762mn after Q309 and furthermore the structure improved since short term financial debt was reduced from 37.5% after Q408 to just 22% after Q309.

Gross financial debt Q408 vs. Q309



Source: A-TEC, Erste Group calculations

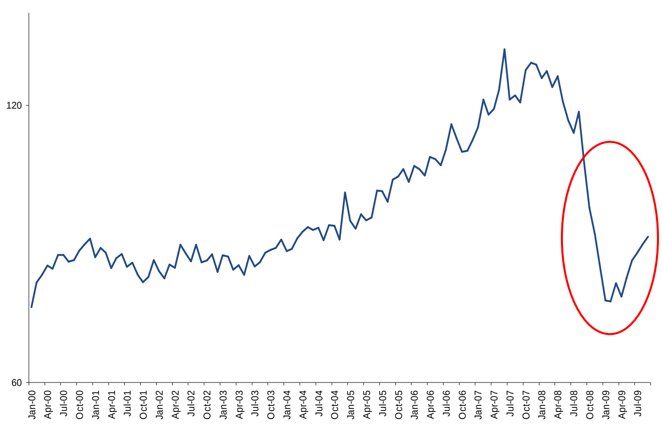
The significant draw down in cash and cash equivalents by 28% since the beginning of 2009 was mainly driven (around 90%) by the slowing down of down payments in the Plant Construction Division, due to the significantly lower order intake in 2009.

Market development and outlook

Slight uptrend visible since March

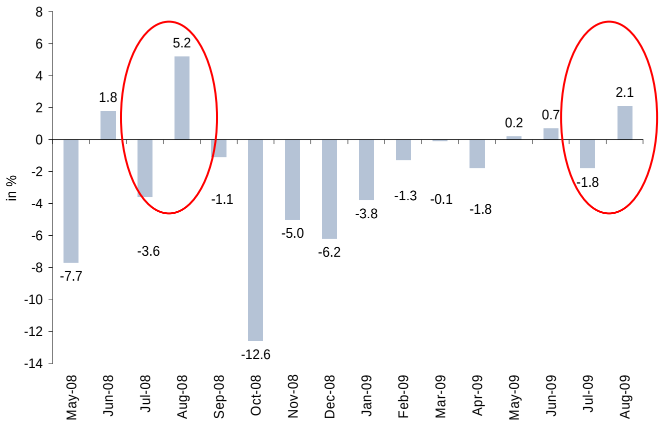
The market for capital goods continues its uptrend from the most recent deep lows seen in 1Q09. The left-hand graph below shows the most recent development of German new orders for industrial goods. Taking 2005 as the base with 100, new orders reached the top at 132 in June 2007, leveled off at 77.5 in February 2009 and now stand at 91.5.

Industrial new orders Germany 06/2000 – 09/2009



Source: Reuters

EU 27 new orders capital goods m/m

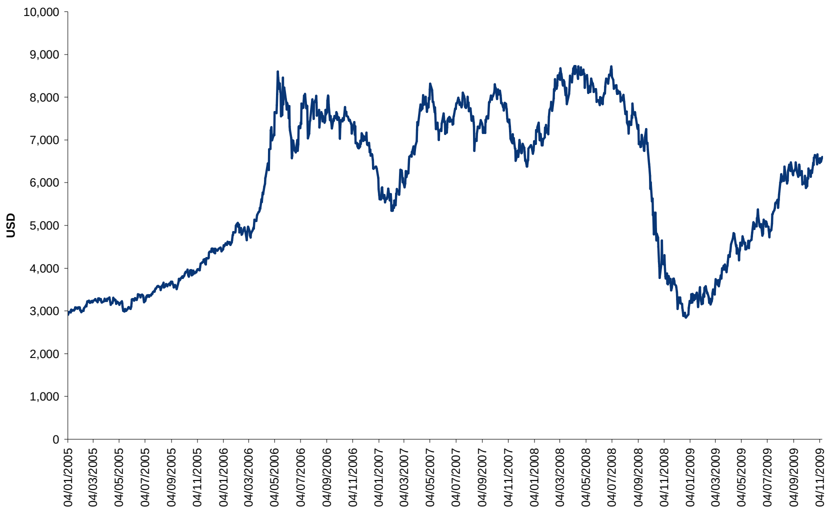


Source: Eurostat

The right-hand graph above confirms this picture for new capital goods orders in the EU 27. On a monthly basis, new orders rose 2.1% in August, after a setback of 1.8% in July, which can be attributed to seasonal patterns (when compared to 2008, when new orders dropped 3.6% in July and rose 5.2% in August). This development makes us confident that A-TEC's Plant Construction and Machinery divisions will have seen the worst in term of new orders development in 2Q09 and 3Q09.

The copper price chart below shows the continued uptrend. This is supportive for A-TEC's copper recycling business. Currently, the copper price would have to drop below USD 5,500/t to harm A-TEC's FY09 operating results.

Copper price development 01/2005 – 11/2009



Source: Reuters

Forecast and DCF valuation

Due to an expected positive one-off stemming from copper inventory revaluation of EUR 24mn, as well as an expected sales decline for the Plant Construction division, we expect A-TEC's FY10 EBIT to decline by 26%. Thereafter, we expect increases, supported by a brightening economic picture.

Divisional forecast 2009e – 2014e

A-TEC	2008	2009e	2010e	2011e	2012e	2013e	2014e
Plant Construction	1,631.1	1,794.2	1,435.4	1,507.1	1,808.6	2,079.8	2,163.0
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	521.3	553.4	643.0	683.0	684.0	684.0
Consolidation							
Group Sales	**3,258.5**	**2,932.1**	**2,611.7**	**2,836.2**	**3,280.5**	**3,622.2**	**3,764.9**
Group Sales growth	*38.0%*	*-10.0%*	*-10.9%*	*8.6%*	*15.7%*	*10.4%*	*3.9%*
Sales growth							
Plant Construction	*55.9%*	*10.0%*	*-20.0%*	*5.0%*	*20.0%*	*15.0%*	*4.0%*
Drive Technology	*-6.0%*	*-18.0%*	*0.0%*	*15.0%*	*15.0%*	*7.0%*	*7.0%*
Machine Tools	*74.7%*	*-20.4%*	*2.2%*	*5.0%*	*15.0%*	*10.9%*	*6.8%*
Minerals & Metals	*26.2%*	*-39.7%*	*6.1%*	*16.2%*	*6.2%*	*0.1%*	*0.0%*
EBIT							
Plant Construction	68.2	56.5	42.2	44.7	55.1	64.4	73.5
Drive Technology	-2.9	6.1	10.9	16.5	23.2	29.9	32.5
Machine Tools	29.7	12.3	20.4	25.2	32.8	37.4	40.5
Minerals & Metals	-57.7	48.5	18.9	24.6	27.9	27.7	27.3
Consolidation	-17.9	-5.0	-5.0	-5.0	-5.0	-5.0	-5.0
Group EBIT	**19.4**	**118.4**	**87.4**	**106.1**	**133.9**	**154.4**	**168.8**
Group EBIT margin	*0.6%*	*4.0%*	*3.3%*	*3.7%*	*4.1%*	*4.3%*	*4.5%*
EBIT-margin							
Plant Construction	*4.2%*	*3.1%*	*2.9%*	*3.0%*	*3.0%*	*3.1%*	*3.4%*
Drive Technology	*-0.7%*	*1.9%*	*3.4%*	*4.5%*	*5.4%*	*6.6%*	*6.7%*
Machine Tools	*8.0%*	*4.2%*	*6.8%*	*8.0%*	*9.0%*	*9.3%*	*9.4%*
Minerals & Metals	*-6.7%*	*9.3%*	*3.4%*	*3.8%*	*4.1%*	*4.0%*	*4.0%*

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

Strong 3Q09 performance triggers upgrades in estimates

Based on A-TEC's strong 3Q09 performance, we raised our FY09 EBIT and EPS estimates quite significantly, by 19.4% and 16.7%, respectively. With regards to 2010 and 2011, we roughly stick to our previous expectations.

Estimate changes 2009e – 2011e

in EURmn	2009e			2010e			2011e		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
Sales	2,943.8	2,932.1	*-0.4%*	2,650.8	2,611.7	*-1.5%*	2,552.9	2,836.2	*11.1%*
EBITDA	148.7	167.9	*12.9%*	136.8	136.9	*0.1%*	155.5	155.8	*0.2%*
Margin	*5.1%*	*5.7%*		*5.2%*	*5.2%*		*6.1%*	*5.5%*	
EBIT	99.2	118.4	*19.4%*	87.2	87.4	*0.2%*	106.3	106.1	*-0.2%*
Margin in %	*3.4%*	*4.0%*		*3.3%*	*3.3%*		*4.2%*	*3.7%*	
EPS (in EUR)	1.94	2.26	*16.7%*	0.84	0.89	*5.6%*	1.33	1.33	*0.2%*
EPS diluted (in EUR)	1.97	2.26	*14.5%*	0.91	0.95	*4.4%*	1.29	1.33	*3.3%*

Source: Erste Group estimates

Valuation-wise, we have 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 16.0 target equity price

Scenario I, assuming no conversion, yields a 12-month equity value of EUR 16.2 per share. Scenario II, assuming a full conversion of bond II (adding 7.45mn new shares), yields a slightly lower 12-month equity value of EUR 15.9 per share. We therefore decided to set our new 12-month target equity price at EUR 16.0 per share. This target price includes a 15% conglomerate discount.

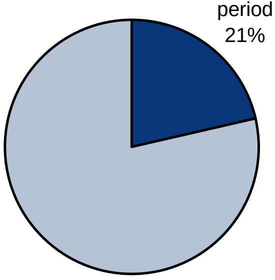
Scenario I / WACC calculation

	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Risk free rate	3.7%	3.7%	3.7%	3.7%	3.7%	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
Cost of equity	**11.2%**	**11.2%**	**11.2%**	**11.2%**	**11.2%**	**11.5%**
Cost of debt	8.7%	8.7%	8.7%	8.7%	8.7%	10.0%
Effective tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
After-tax cost of debt	**6.1%**	**6.1%**	**6.1%**	**6.1%**	**6.1%**	**7.0%**
Equity weight	70%	70%	70%	70%	70%	80%
WACC	**9.7%**	**9.7%**	**9.7%**	**9.7%**	**9.7%**	**10.6%**

DCF valuation

(EUR mn)	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Sales growth	*-10.0%*	*-10.9%*	*8.6%*	*15.7%*	*10.4%*	*1.0%*
EBIT	87.4	106.1	133.9	154.4	168.8	122.6
EBIT margin	*3.0%*	*4.1%*	*4.7%*	*4.7%*	*4.7%*	*3.4%*
Tax rate	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*
Taxes on EBIT	-26.2	-31.8	-40.2	-46.3	-50.6	-36.8
NOPLAT	**61.2**	**74.2**	**93.8**	**108.1**	**118.2**	**85.8**
+ Depreciation	49.5	49.7	50.5	52.1	54.0	54.0
Capital expenditures / Depreciation	*101.2%*	*109.9%*	*122.7%*	*141.8%*	*142.3%*	*105.0%*
+/- Change in working capital	43.7	-16.2	-8.6	14.8	0.4	-1.8
Chg. working capital / chg. Sales	*-13.5%*	*5.1%*	*-3.8%*	*3.3%*	*0.1%*	*-5.0%*
- Capital expenditures	-50.1	-54.6	-61.9	-73.9	-76.8	-56.7
Free cash flow to the firm	**104.3**	**53.1**	**73.7**	**101.0**	**95.7**	**81.3**
Terminal value growth						*1.0%*
Terminal value						855.1
Discounted free cash flow - Dec 31 2009	95.1	44.1	55.9	69.8	60.3	533.7
Enterprise value - Dec 31 2009	**859.0**					
Minorities	3.3					
Non-operating assets	0.0					
Net debt	376.4					
Equity component of convertible bond I + II	22.8					
Equity value - Dec 31 2009	**456.6**					
Number of shares outstanding (mn)	26.4					
Cost of equity	11.2%					
12M net present value per share (EUR)	**19.1**					
Conglomerate Discount	15%					
12M target equity price per share (EUR)	**16.2**					
Current share price (EUR)	10.9					
Up/Downside	*49.3%*					

Enterprise value breakdown



Sensitivity (per share)

Terminal value EBIT margin

WACC	2.4%	2.9%	3.4%	3.9%	4.4%
9.6%	11.7	15.1	18.4	21.7	25.1
10.1%	10.9	14.1	17.2	20.4	23.5
10.6%	10.2	13.2	**16.2**	19.2	22.2
11.1%	9.6	12.4	15.3	18.1	20.9
11.6%	9.0	11.7	14.4	17.1	19.8

Terminal value growth

WACC	0.0%	0.5%	1.0%	1.5%	2.0%
9.6%	16.2	17.2	18.4	19.7	21.2
10.1%	15.3	16.2	17.2	18.4	19.7
10.6%	14.4	15.3	**16.2**	17.2	18.4
11.1%	13.6	14.4	15.3	16.2	17.2
11.6%	12.9	13.6	14.4	15.3	16.2

Source: Erste Group estimates

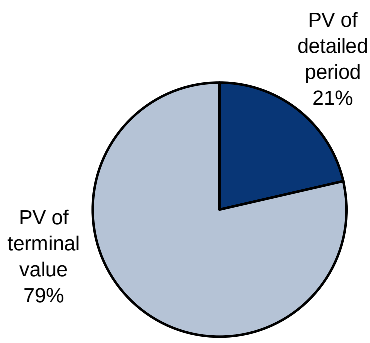
Scenario II / WACC calculation

	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Risk free rate	3.7%	3.7%	3.7%	3.7%	3.7%	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
Cost of equity	**11.2%**	**11.2%**	**11.2%**	**11.2%**	**11.2%**	**11.5%**
Cost of debt	8.7%	8.7%	8.7%	8.7%	8.7%	10.0%
Effective tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
After-tax cost of debt	**6.1%**	**6.1%**	**6.1%**	**6.1%**	**6.1%**	**7.0%**
Equity weight	70%	70%	70%	70%	70%	80%
WACC	**9.7%**	**9.7%**	**9.7%**	**9.7%**	**9.7%**	**10.6%**

DCF valuation

(EUR mn)	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Sales growth	*-10.0%*	*-10.9%*	*8.6%*	*15.7%*	*10.4%*	*1.0%*
EBIT	87.4	106.1	133.9	154.4	168.8	122.6
EBIT margin	*3.0%*	*4.1%*	*4.7%*	*4.7%*	*4.7%*	*3.4%*
Tax rate	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*
Taxes on EBIT	-26.2	-31.8	-40.2	-46.3	-50.6	-36.8
NOPLAT	**61.2**	**74.2**	**93.8**	**108.1**	**118.2**	**85.8**
+ Depreciation	49.5	49.7	50.5	52.1	54.0	54.0
Capital expenditures / Depreciation	*101.2%*	*109.9%*	*122.7%*	*141.8%*	*142.3%*	*105.0%*
+/- Change in working capital	43.7	-16.2	-8.6	14.8	0.4	-1.8
Chg. working capital / chg. Sales	*-13.5%*	*5.1%*	*-3.8%*	*3.3%*	*0.1%*	*-5.0%*
- Capital expenditures	-50.1	-54.6	-61.9	-73.9	-76.8	-56.7
Free cash flow to the firm	**104.3**	**53.1**	**73.7**	**101.0**	**95.7**	**81.3**
Terminal value growth						*1.0%*
Terminal value						855.1
Discounted free cash flow - Dec 31 2009	95.1	44.1	55.9	69.8	60.3	533.7
Enterprise value - Dec 31 2009	**859.0**					
Minorities	3.3					
Equity component of convertible bond I	13.1					
Net debt	376.4					
Equity addition through convertible II	-110.0					
Equity value - Dec 31 2009	**576.2**					
Number of shares outstanding (mn)	33.9					
Cost of equity	11.2%					
12M net present value per share (EUR)	**18.8**					
Conglomerate Discount	15%					
12M target equity price per share (EUR)	**15.9**					
Current share price (EUR)	10.9					
Up/Downside	*47.0%*					

Enterprise value breakdown



Sensitivity (per share)

WACC	Terminal value EBIT margin 2.4%	2.9%	3.4%	3.9%	4.4%
9.6%	12.5	15.1	17.7	20.3	22.9
10.1%	11.8	14.3	16.8	19.2	21.7
10.6%	11.3	13.6	**15.9**	18.3	20.6
11.1%	10.8	13.0	15.2	17.4	19.6
11.6%	10.3	12.4	14.6	16.7	18.8

WACC	Terminal value growth 0.0%	0.5%	1.0%	1.5%	2.0%
9.6%	15.9	16.8	17.7	18.7	19.8
10.1%	15.2	15.9	16.8	17.7	18.7
10.6%	14.6	15.2	**15.9**	16.8	17.7
11.1%	14.0	14.6	15.2	15.9	16.8
11.6%	13.4	14.0	14.6	15.2	15.9

Source: Erste Group estimates

Peer group comparison

Significant discounts in place

No matter which multiples are applied and no matter which forecast period one chooses, the picture is always the same - A-TEC continues to trade with significant discounts vs. its major peers. We believe that this clearly supports our DCF model and points to significant upside potential for A-TEC shares.

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	0.7 x	0.7 x	0.6 x	6.3 x	6.4 x	6.3 x	7.7 x	8.2 x	8.2 x	11.4 x	12.6 x	13.0 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	0.5 x	0.4 x	7.8 x	6.7 x	5.6 x	10.9 x	8.9 x	7.0 x	19.6 x	16.6 x	14.2 x
Rafako (Fabryka Kotlow)	0.5 x	0.4 x	0.3 x	7.7 x	6.9 x	4.5 x	10.1 x	8.8 x	5.6 x	21.8 x	16.4 x	14.8 x
Median	**0.6 x**	**0.6 x**	**0.5 x**	**7.6 x**	**6.8 x**	**6.0 x**	**10.3 x**	**8.8 x**	**7.6 x**	**16.0 x**	**14.9 x**	**13.6 x**
EMCO Peers	**EV/Sales**			**EV/EBITDA**			**EV/EBIT**			**P/E**		
	2009e	**2010e**	**2011e**	**2009e**	**2010e**	**2011e**	**2009e**	**2010e**	**2011e**	**2009e**	**2010e**	**2011e**
Gildemeister AG	0.5 x	0.4 x	0.4 x	10.0 x	7.3 x	5.1 x	18.8 x	11.4 x	7.1 x	139.4 x 19.5 x	24.5 x	12.9 x
Median	**0.5 x**	**0.4 x**	**0.4 x**	**10.0 x**	**7.3 x**	**5.1 x**	**18.8 x**	**11.4 x**	**7.1 x**	**79.4 x**	**24.5 x**	**12.9 x**
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	12.2 x	6.7 x	5.6 x	35.3 x	10.8 x	8.2 x	84.8 x	13.3 x	9.2 x
KGHM Polska Miedz SA	1.9 x	1.8 x	1.6 x	5.6 x	5.6 x	4.6 x	7.2 x	7.3 x	5.8 x	9.3 x	9.5 x	7.5 x
Median	**1.1 x**	**1.0 x**	**0.9 x**	**8.9 x**	**6.2 x**	**5.1 x**	**21.3 x**	**9.0 x**	**7.0 x**	**47.1 x**	**11.4 x**	**8.4 x**
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.	1.7 x	1.7 x	1.6 x	9.8 x	10.2 x	8.9 x	12.2 x	12.8 x	10.8 x	18.4 x	20.2 x	16.4 x
Schneider Electric SA	1.5 x	1.4 x	1.3 x	10.5 x	9.1 x	7.5 x	14.4 x	11.8 x	9.4 x	19.1 x	15.4 x	12.4 x
ABB Ltd	1.3 x	1.3 x	1.2 x	8.5 x	9.3 x	7.8 x	9.9 x	11.2 x	9.1 x	16.1 x	19.0 x	16.0 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
Median	**1.4 x**	**1.4 x**	**1.3 x**	**9.1 x**	**9.2 x**	**7.7 x**	**11.4 x**	**11.6 x**	**9.5 x**	**17.3 x**	**17.2 x**	**14.2 x**
Weighted Median	**0.8 x**	**0.8 x**	**0.7 x**	**8.6 x**	**7.2 x**	**5.9 x**	**15.5 x**	**9.8 x**	**7.6 x**	**34.6 x**	**16.6 x**	**12.4 x**
A-TEC	**0.2 x**	**0.2 x**	**0.2 x**	**4.0 x**	**4.5 x**	**3.8 x**	**5.7 x**	**7.0 x**	**5.6 x**	**4.8 x**	**12.2 x**	**8.1 x**
Premium/Discount	*-70%*	*-69%*	*-70%*	*-53%*	*-38%*	*-35%*	*-63%*	*-29%*	*-26%*	*-86%*	*-26%*	*-34%*

Source: Factset, Erste Group estimates

Income Statement	2006	2007	2008	2009e	2010e	2011e
(IAS, EUR mn, 31/12)	31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010	31/12/2011
Net sales	**1,594.37**	**2,360.98**	**3,256.87**	**2,932.06**	**2,611.66**	**2,836.21**
Invent. changes + capitalized costs	32.54	29.38	-41.58	14.69	13.08	14.21
Total revenues	**1,626.91**	**2,390.37**	**3,215.29**	**2,946.75**	**2,624.74**	**2,850.42**
Other operating revenues	27.33	72.02	57.38	49.84	44.40	48.22
Material costs	-1,095.21	-1,727.45	-2,399.16	-2,128.14	-1,905.11	-2,063.57
Personnel costs	-286.58	-364.61	-501.88	-449.18	-402.11	-435.55
Other operating expenses	-147.27	-204.04	-294.36	-251.37	-225.03	-243.74
EBITDA	**125.17**	**166.29**	**77.28**	**167.91**	**136.89**	**155.77**
Depreciation/amortization	-33.16	-72.98	-57.88	-49.47	-49.49	-49.70
EBIT	**92.02**	**93.31**	**19.40**	**118.44**	**87.40**	**106.07**
Financial result	-13.45	-44.09	-31.72	-22.07	-51.91	-52.75
Extraordinary result	-7.28	-17.41	0.00	0.00	0.00	0.00
EBT	**71.29**	**31.81**	**-12.32**	**96.36**	**35.49**	**53.32**
Income taxes	8.23	-4.13	-14.44	-33.73	-10.65	-16.00
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	-2.89	-1.42	-2.13
Net result after minorities	**77.19**	**40.38**	**-33.88**	**59.74**	**23.42**	**35.19**

Balance Sheet	2006	2007	2008	2009e	2010e	2011e
(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	523.79	521.89	524.39
Financial assets	15.64	18.18	19.54	19.54	19.54	19.54
Total fixed assets	**551.89**	**776.88**	**810.17**	**818.39**	**819.01**	**823.95**
Inventories	210.55	334.04	263.10	263.89	235.05	255.26
Receivables and other current assets	439.05	1,334.61	1,177.42	1,104.03	954.60	1,021.90
Other assets	53.44	55.10	54.57	57.30	60.16	63.17
Cash and cash equivalents	310.95	399.74	446.74	395.07	373.90	391.48
Total current assets	**1,013.98**	**2,123.49**	**1,941.82**	**1,820.28**	**1,623.71**	**1,731.81**
TOTAL ASSETS	**1,565.87**	**2,900.37**	**2,751.99**	**2,638.67**	**2,442.72**	**2,555.75**
Shareholders'equity	**298.64**	**388.65**	**308.28**	**364.71**	**388.13**	**423.32**
Minorities	**19.38**	**7.68**	**3.30**	**6.19**	**7.61**	**9.74**
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	500.24	409.94	409.94
Other LT liabilities	87.78	111.58	107.60	105.96	105.96	105.96
Total long-term liabilities	**356.34**	**697.75**	**533.32**	**606.20**	**515.90**	**515.90**
Interest-bearing ST debts	109.31	377.22	309.08	189.08	189.08	189.08
Other ST liabilities	715.89	1,340.88	1,511.06	1,385.54	1,251.00	1,322.27
Total short-term liabilities	**825.20**	**1,718.10**	**1,820.14**	**1,574.63**	**1,440.08**	**1,511.36**
TOTAL LIAB. , EQUITY	**1,565.87**	**2,900.37**	**2,751.99**	**2,638.67**	**2,442.72**	**2,555.75**

Cash Flow Statement	2006	2007	2008	2009e	2010e	2011e
(IAS,EUR mn, 31/12)						
Cash flow from operating activities	135.80	67.62	138.00	54.82	119.24	72.22
Cash flow from investing activities	-51.39	-385.79	240.74	-57.69	-50.11	-54.64
Cash flow from financing activities	74.77	291.06	-252.69	-45.48	-90.30	0.00
CHANGE IN CASH , CASH EQU.	**157.42**	**-32.60**	**115.80**	**-48.35**	**-21.17**	**17.58**

Margins & Ratios	2006	2007	2008	2009e	2010e	2011e
Sales growth	47.1%	48.1%	37.9%	-10.0%	-10.9%	8.6%
EBITDA margin	7.7%	7.0%	2.4%	5.7%	5.2%	5.5%
EBIT margin	5.7%	3.9%	0.6%	4.0%	3.3%	3.7%
Net profit margin	4.9%	1.2%	-0.8%	2.1%	0.9%	1.3%
ROE	37.5%	11.7%	-9.7%	17.8%	6.2%	8.7%
ROCE	19.1%	7.2%	4.3%	11.6%	7.3%	8.9%
Equity ratio	20.3%	13.7%	11.3%	14.1%	16.2%	16.9%
Net debt	133.2	651.8	375.0	381.2	316.1	303.0
Working capital	135.3	350.3	67.1	188.4	123.5	157.3
Capital employed	539.0	1,159.7	794.2	858.1	817.8	842.0
Inventory turnover						

Source: Company data, Erste Group estimates

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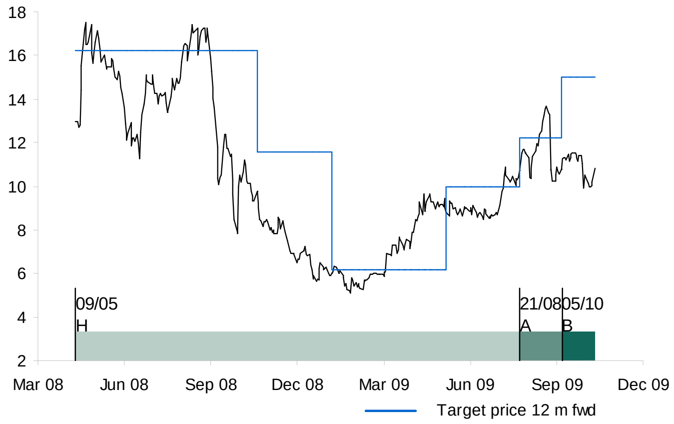
A-Tec



Rating history

Date	Rating	Price	Target Price
05. Oct 09	Buy	10.80	15.00
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	Disclosure
A-Tec	2

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Erste Group 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.

Distribution of ratings

	Coverage universe		Inv. banking-relationship	
Recommendation	**No.**	**in %**	**No.**	**in %**
Buy	22	16.8	8	66.7
Accumulate	29	22.1	1	8.3
Hold	41	31.3	2	16.7
Reduce	17	13.0	1	8.3
Sell	10	7.6	0	0.0
N.R./UND.REV./RESTR.	12	9.2	0	0.0
Total	**131**	**100.0**	**12**	**100.0**

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