ERSTE GROUP

Company Report – Diversified Industrial – Austria – March 15, 2010

A-Tec from Buy to Hold

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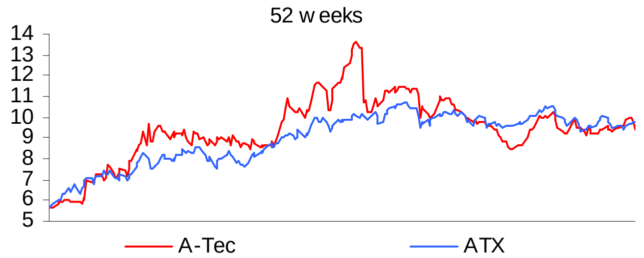
EUR mn	2009p	2010e	2011e	2012e
Net sales	2,995.1	2,722.8	2,864.8	3,289.8
EBITDA	211.2	138.8	163.6	185.9
EBIT	143.1	81.6	107.0	129.1
Net result after min.	54.7	15.3	36.1	51.0
EPS (EUR)	2.07	0.58	1.37	1.93
CEPS (EUR)	4.92	2.79	3.57	4.15
BVPS (EUR)	13.62	14.20	15.57	17.50
Div./share (EUR)	0.00	0.00	0.00	0.00
EV/EBITDA (x)	3.1	4.0	3.2	2.6
P/E (x)	4.2	16.2	6.9	4.9
P/CE (x)	1.8	3.4	2.6	2.3
Dividend Yield	0.0%	0.0%	0.0%	0.0%



Performance	12M	6M	3M	1M
in EUR	65.8%	-24.2%	-2.3%	-0.3%

Share price (EUR)	9.37	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)	234.5	Div. Ex-date			Loidold PF (6.8%)
Enterprise value (EUR mn)	551.6	**Target price**	**10.0**	Homepage:	www.a-tecindustries.com

Downgrade on disappointing net debt development

- **We lower our 12-month target price to EUR 10.0 (previously EUR 13.5) to reflect A-TEC's disappointing net debt development. We cut our recommendation from Buy to Hold.**
- **A-TEC's preliminary 4Q09 figures were mixed. The P&L performance met with analysts' expectations; however, first indications regarding net debt of EUR 350mn fell far short of our expectations of EUR 290mn.**
- **Adjusted for several positive and negative one-off's, we estimate that A-TEC's clean EBIT for FY09 was EUR 105.7mn (implying an EBIT margin of 3.5%).**
- **Management's outlook met with our expectations so we have not made any significant changes to our forecasts.**
- **Unless A-TEC is able to build a sound track record in terms of free cash flow generation and lowering its net debt position, we do not see any upside potential for the stock, regardless of its P&L development.**

4Q09p figures discussion

A-TEC's preliminary 4Q09 figures were mixed. The P&L performance met with analysts' expectations; however, first indications regarding net debt development were not convincing.

Quarterly figures development 1Q08-4Q09p

IFRS (EURmn)		1Q08	2Q08	3Q08	4Q08	FY08	1Q09	2Q09	3Q09	4Q09p	FY09p	y/y
Order intake		**713.5**	**834.6**	**1241.7**	**793.7**	**3,583.7**	**426.6**	**302.5**	**247.5**	**369.0**	**1,345.6**	***-62%***
Sales	Plant Construction	339.3	429.7	357.6	504.5	1,631.1	401.2	494.3	383.1	533.6	1,812.2	*11%*
	Drive Technology	111.3	92.0	96.1	93.0	392.4	88.3	72.8	74.9	70.8	306.8	*-22%*
	Machine Tools	75.4	84.3	88.9	121.5	370.1	78.2	67.9	55.3	60.6	262.0	*-29%*
	Minerals & Metals	256.0	235.2	224.6	149.1	864.9	126.1	137.2	159.7	192.4	615.4	*-29%*
	Consolidation	-0.6	-0.2	-0.2	-0.6	-1.6	-2.2	-1.1	2.4	-0.4	-1.3	
	Group Sales	**781.4**	**841.0**	**767.0**	**867.5**	**3,256.9**	**691.6**	**771.1**	**675.4**	**857.0**	**2,995.1**	***-8%***
	Group EBITDA	**51.7**	**40.3**	**21.4**	**-36.1**	**77.3**	**50.7**	**43.1**	**39.9**	**77.5**	**211.2**	***173%***
	Group EBITDA.margin	*6.6%*	*4.8%*	*2.8%*	*neg.*	*2.4%*	*7.3%*	*5.6%*	*5.9%*	*9.0%*		
EBIT	Plant Construction	10.4	18.2	16.9	22.7	68.2	12.0	17.0	13.2	43.2	85.4	*25%*
	Drive Technology	4.0	2.6	-1.9	-7.6	-2.9	4.1	2.7	-0.9	-5.3	0.6	*-121%*
	Machine Tools	5.2	5.5	9.1	9.9	29.7	4.7	2.5	-0.8	4.4	10.8	*-64%*
	Minerals & Metals	24.8	8.3	-16.3	-74.5	-57.7	18.4	10.2	16.2	15.8	60.6	*-205%*
	Consolidation	-5.2	-7.4	1.1	-6.4	-17.9	-0.5	-1.3	-0.1	-12.4	-14.3	
	Group EBIT	**39.2**	**27.2**	**8.9**	**-55.9**	**19.4**	**38.7**	**31.1**	**27.6**	**45.7**	**143.1**	***638%***
	Group EBIT margin	*5.0%*	*3.2%*	*1.2%*	*neg.*	*0.6%*	*5.6%*	*4.0%*	*4.1%*	*5.3%*	*4.8%*	
EBIT-margin	*Plant Construction*	*3.1%*	*4.2%*	*4.7%*	*4.5%*	*4.2%*	*3.0%*	*3.4%*	*3.4%*	*8.1%*	*4.7%*	
	Drive Technology	*3.6%*	*2.8%*	*-2.0%*	*-8.2%*	*-0.7%*	*4.6%*	*3.7%*	*-1.2%*	*-7.5%*	*0.2%*	
	Machine Tools	*6.9%*	*6.5%*	*10.2%*	*8.1%*	*8.0%*	*6.0%*	*3.7%*	*-1.4%*	*7.3%*	*4.1%*	
	Minerals & Metals	*9.7%*	*3.5%*	*-7.3%*	*-50.0%*	*-6.7%*	*14.6%*	*7.4%*	*10.1%*	*8.2%*	*9.8%*	

Source: Company Data

3.5% clean EBIT margin

Given that A-TEC's FY09 results were somewhat distorted by several one-offs, we have tried to calculate a clean normalised EBIT (see table below). Overall, we derive a clean EBIT of EUR 105.7mn for 2009, which translates into an EBIT margin level of 3.5%.

FY09 clean EBIT calculation

FY09 EBIT reconciliation	EURmn
FY 09 A-TEC reported EBIT	143.1
Restructuring costs ATB	7.3
Gains for copper revaluation and related hedges	-42.0
Gains from waived scheme debts related to LJ acqusition	-9.7
Convertible bond repurchase below par	-19.0
Others (fee conv; property write-down)	26.0
Total A-TEC FY09 clean prelim. EBIT	**105.7**
clean EBIT-Margin	*3.5%*

source: Erste Group calculation

EUR 350mn net debt

Based on management indications, net debt as of December 31, 2009 stood at about EUR 350mn, after EUR 326.5mn as of September 30, 2009. Management explained that the company's cash situation has suffered from the slowing order intake development of the plant construction division. Previously, we expected that A-TEC should be able to cut its net debt position to approximately EUR 290mn (excluding personnel provisions). Therefore, in 2009, A-TEC's net debt rose from EUR 288mn to EUR 350mn – a rather disappointing development, in our opinion, given that the copper division experienced a real bonanza in 2009.

DCF valuation and estimates changes

Based on A-TEC's preliminary FY09 results, we have lowered our 2009 EPS estimates, mainly due to an unexpected property valuation write-down. For 2010 and 2011 we lowered our EPS estimates due to higher than expected financial expenses.

Estimates changes 2009p-2011e

in EURmn	2009p			2010e			2011e		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
Sales	2,960.0	2,995.1	*1.2%*	2,699.1	2,722.8	*0.9%*	2,839.1	2,864.8	*0.9%*
EBITDA	173.8	211.2	*21.5%*	135.5	138.8	*2.4%*	161.7	163.6	*1.2%*
Margin	*5.9%*	*7.1%*		*5.0%*	*5.1%*		*5.7%*	*5.7%*	
EBIT	124.3	143.1	*15.1%*	86.0	81.6	*-5.2%*	112.0	107.0	*-4.5%*
Margin in %	*4.2%*	*4.8%*		*3.2%*	*3.0%*		*3.9%*	*3.7%*	
EPS (in EUR)	2.40	2.07	*-13.7%*	0.86	0.58	*-32.6%*	1.49	1.37	*-8.2%*
EPS diluted (in EUR)	2.38	2.08	*-12.8%*	0.93	0.71	*-23.6%*	1.45	1.36	*-6.2%*

Source: Erste Group estimates

New EUR 10.0 target price

Given that A-TEC still lacks any proof of being able deliver free cash flow to equity holders, we have raised our short-term discount rate from 10.4% to 10.7% and the long-term discount rate from 10.8% to 12.1%, reflecting the high degree of uncertainty attached to our free cash flow estimates. Based on management indications, we have increased our net debt estimate for year-end 2009, from EUR 381.7mn (including EUR 86mn personnel provision) to EUR 438.1mn. Therefore, the higher discount rate combined with a further increased net debt position prompted us to lower our 12-month target price to EUR 10.0 (previously EUR 13.5).

We based our target price calculation on 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 value outstanding of bond I (EUR 92.4mn) under this scenario. Scenario I, assuming no conversion, yields a 12-month target equity value of EUR 9.3. Scenario II, assuming a full conversion of bond II (adding 7.45mn new shares), yields an even higher 12-month equity value of EUR 10.8 per share.

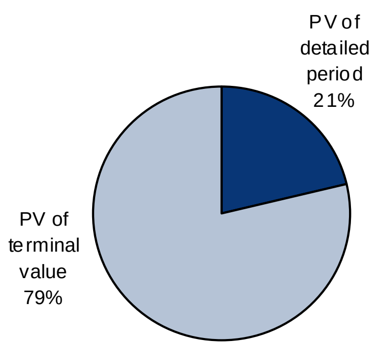
Scenario I / WACC calculation

	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Risk free rate	3.7%	3.7%	3.7%	3.7%	3.7%	4.5%
Equity risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.8	1.8	1.8	1.8	1.8	1.8
Cost of equity	**12.7%**	**12.7%**	**12.7%**	**12.7%**	**12.7%**	**13.5%**
Cost of debt	8.7%	8.7%	8.7%	8.7%	8.7%	9.5%
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%**	**6.7%**
Equity weight	70%	70%	70%	70%	70%	80%
WACC	**10.7%**	**10.7%**	**10.7%**	**10.7%**	**10.7%**	**12.1%**

DCF valuation

(EUR mn)	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Sales growth	*-8.0%*	*-9.1%*	*5.2%*	*14.8%*	*10.8%*	*1.0%*
EBIT	87.2	113.4	135.1	150.0	165.0	110.5
EBIT margin	*2.9%*	*4.2%*	*4.7%*	*4.6%*	*4.5%*	*3.0%*
Tax rate	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*
Taxes on EBIT	-26.2	-34.0	-40.5	-45.0	-49.5	-33.1
NOPLAT	**61.0**	**79.4**	**94.5**	**105.0**	**115.5**	**77.3**
+ Depreciation	49.5	49.7	50.4	51.9	53.7	53.7
Capital expenditures / Depreciation	*103.0%*	*108.9%*	*120.9%*	*139.0%*	*139.9%*	*115.0%*
+/- Change in working capital	102.9	-14.0	-3.8	17.6	0.8	-7.3
Chg. working capital / chg. Sales	*-39.3%*	*5.2%*	*-2.7%*	*4.1%*	*0.2%*	*-20.0%*
- Capital expenditures	-51.0	-54.1	-61.0	-72.2	-75.1	-61.7
Free cash flow to the firm	**162.5**	**60.9**	**80.2**	**102.3**	**94.8**	**62.0**
Terminal value growth						*1.0%*
Terminal value						562.4
Discounted free cash flow - Dec 31 2009	146.7	49.7	59.1	68.1	57.0	334.7
Enterprise value - Dec 31 2009	**715.4**					
Minorities	3.3					
Non-operating assets	0.0					
Net debt	438.1					
Equity component of convertible bond I + II	22.8					
Equity value - Dec 31 2009	**251.3**					
Number of shares outstanding (mn)	26.4					
Cost of equity	12.7%					
12M net present value per share (EUR)	**10.9**					
Conglomerate Discount	15%					
12M target equity price per share (EUR)	**9.3**					
Current share price (EUR)	9.4					
Up/Downside	*-0.7%*					

Enterprise value breakdown



Sensitivity (per share)

Terminal value EBIT margin

WACC	2.0%	2.5%	3.0%	3.5%	4.0%
11.1%	4.9	7.7	10.6	13.4	16.2
11.6%	4.5	7.2	9.9	12.6	15.3
12.1%	4.2	6.8	**9.3**	11.9	14.5
12.6%	3.9	6.3	8.8	11.3	13.7
13.1%	3.6	5.9	8.3	10.7	13.0

Terminal value growth

WACC	0.0%	0.5%	1.0%	1.5%	2.0%
11.1%	9.3	9.9	10.6	11.3	12.1
11.6%	8.8	9.3	9.9	10.6	11.3
12.1%	8.3	8.8	**9.3**	9.9	10.6
12.6%	7.9	8.3	8.8	9.3	9.9
13.1%	7.4	7.9	8.3	8.8	9.3

Source: Erste Group estimates

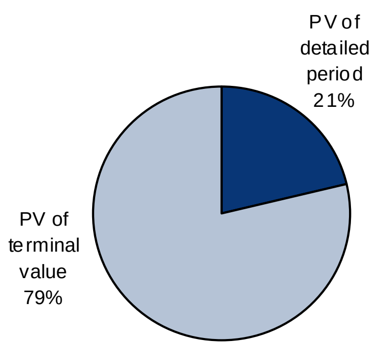
Scenario II / WACC calculation

	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Risk free rate	3.7%	3.7%	3.7%	3.7%	3.7%	4.5%
Equity risk premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.8	1.8	1.8	1.8	1.8	1.8
Cost of equity	**12.7%**	**12.7%**	**12.7%**	**12.7%**	**12.7%**	**13.5%**
Cost of debt	8.7%	8.7%	8.7%	8.7%	8.7%	9.5%
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%**	**6.7%**
Equity weight	70%	70%	70%	70%	70%	80%
WACC	**10.7%**	**10.7%**	**10.7%**	**10.7%**	**10.7%**	**12.1%**

DCF valuation

(EUR mn)	2010e	2011e	2012e	2013e	2014e	2015e (TV)
Sales growth	*-8.0%*	*-9.1%*	*5.2%*	*14.8%*	*10.8%*	*1.0%*
EBIT	87.2	113.4	135.1	150.0	165.0	110.5
EBIT margin	*2.9%*	*4.2%*	*4.7%*	*4.6%*	*4.5%*	*3.0%*
Tax rate	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*
Taxes on EBIT	-26.2	-34.0	-40.5	-45.0	-49.5	-33.1
NOPLAT	**61.0**	**79.4**	**94.5**	**105.0**	**115.5**	**77.3**
+ Depreciation	49.5	49.7	50.4	51.9	53.7	53.7
Capital expenditures / Depreciation	*103.0%*	*108.9%*	*120.9%*	*139.0%*	*139.9%*	*115.0%*
+/- Change in working capital	102.9	-14.0	-3.8	17.6	0.8	-7.3
Chg. working capital / chg. Sales	*-39.3%*	*5.2%*	*-2.7%*	*4.1%*	*0.2%*	*-20.0%*
- Capital expenditures	-51.0	-54.1	-61.0	-72.2	-75.1	-61.7
Free cash flow to the firm	**162.5**	**60.9**	**80.2**	**102.3**	**94.8**	**62.0**
Terminal value growth						*1.0%*
Terminal value						562.4
Discounted free cash flow - Dec 31 2009	146.7	49.7	59.1	68.1	57.0	334.7
Enterprise value - Dec 31 2009	**715.4**					
Minorities	3.3					
Equity component of convertible bond I	13.1					
Net debt	438.1					
Equity addition through convertible II	-110.0					
Equity value - Dec 31 2009	**370.9**					
Number of shares outstanding (mn)	33.9					
Cost of equity	12.7%					
12M net present value per share (EUR)	**12.7**					
Conglomerate Discount	15%					
12M target equity price per share (EUR)	**10.8**					
Current share price (EUR)	9.4					
Up/Downside	*15.4%*					

Enterprise value breakdown



Sensitivity (per share)

Terminal value EBIT margin

WACC	2.0%	2.5%	3.0%	3.5%	4.0%
11.1%	7.3	9.6	11.8	14.0	16.3
11.6%	7.0	9.2	11.3	13.4	15.6
12.1%	6.8	8.8	**10.8**	12.9	14.9
12.6%	6.5	8.5	10.4	12.4	14.3
13.1%	6.3	8.2	10.0	11.9	13.8

Terminal value growth

WACC	0.0%	0.5%	1.0%	1.5%	2.0%
11.1%	10.8	11.3	11.8	12.4	13.0
11.6%	10.4	10.8	11.3	11.8	12.4
12.1%	10.0	10.4	**10.8**	11.3	11.8
12.6%	9.7	10.0	10.4	10.8	11.3
13.1%	9.3	9.7	10.0	10.4	10.8

Source: Erste Group estimates

Peer group comparison

Our peer group comparison shows that, no matter which multiple we choose, A-TEC trades with hefty discounts versus major peers. However, unless A-TEC can develop a sound track record of delivering free cash flows to equity holders we would not expect these discounts to vanish.

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	6.1 x	6.4 x	6.0 x	7.6 x	8.2 x	7.6 x	11.8 x	12.3 x	12.0 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	0.5 x	6.9 x	6.6 x	5.6 x	9.9 x	8.8 x	7.3 x	20.9 x	16.9 x	14.6 x
Rafako (Fabryka Kotlow)	0.5 x	0.5 x	0.4 x	6.8 x	8.0 x	7.2 x	8.7 x	10.0 x	9.0 x	29.3 x	20.9 x	20.1 x
Median	**0.6 x**	**0.6 x**	**0.5 x**	**6.8 x**	**7.2 x**	**6.3 x**	**9.3 x**	**9.4 x**	**8.3 x**	**16.7 x**	**15.1 x**	**13.3 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	0.6 x	0.5 x	0.4 x	11.1 x	8.5 x	5.5 x	20.9 x	14.6 x	7.9 x	106.5 x	29.9 x	14.9 x
Median	**0.6 x**	**0.5 x**	**0.4 x**	**11.1 x**	**8.5 x**	**5.5 x**	**20.9 x**	**14.6 x**	**7.9 x**	**106.5 x**	**29.9 x**	**14.9 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	0.2 x	8.0 x	7.0 x	6.4 x	15.8 x	10.6 x	9.6 x	64.6 x	13.1 x	11.6 x
KGHM Polska Miedz SA	1.8 x	1.6 x	1.5 x	5.6 x	4.7 x	4.4 x	6.6 x	5.7 x	5.5 x	8.2 x	7.2 x	7.2 x
Median	**1.0 x**	**0.9 x**	**0.9 x**	**6.8 x**	**5.8 x**	**5.4 x**	**11.2 x**	**8.2 x**	**7.5 x**	**36.4 x**	**10.1 x**	**9.4 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	1.8 x	1.7 x	10.0 x	10.6 x	9.0 x	12.4 x	12.7 x	10.7 x	21.1 x	19.9 x	16.4 x
Schneider Electric SA	1.6 x	1.5 x	1.4 x	10.7 x	9.9 x	8.0 x	14.4 x	12.6 x	9.8 x	20.5 x	16.8 x	13.1 x
ABB Ltd	1.2 x	1.3 x	1.2 x	8.0 x	9.0 x	7.6 x	9.2 x	10.7 x	8.9 x	17.0 x	18.6 x	15.7 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**	**9.0 x**	**9.5 x**	**7.8 x**	**11.5 x**	**12.0 x**	**9.7 x**	**18.8 x**	**17.7 x**	**14.4 x**
Weighted Median	**0.7 x**	**0.7 x**	**0.7 x**	**7.7 x**	**7.7 x**	**6.2 x**	**11.3 x**	**10.6 x**	**8.2 x**	**33.5 x**	**17.7 x**	**13.0 x**
A-TEC	**0.2 x**	**0.2 x**	**0.2 x**	**3.2 x**	**4.0 x**	**3.2 x**	**4.7 x**	**6.8 x**	**5.0 x**	**4.5 x**	**16.2 x**	**6.9 x**
Premium/Discount	*-69%*	*-73%*	*-73%*	*-59%*	*-48%*	*-48%*	*-58%*	*-36%*	*-40%*	*-86%*	*-8%*	*-47%*

Source: Factset, Erste Group estimates

Income Statement	**2007**	**2008**	**2009p**	**2010e**	**2011e**	**2012e**
(IAS, EUR mn, 31/12)	31/12/2007	31/12/2008	31/12/2009	31/12/2010	31/12/2011	31/12/2012
Net sales	**2,360.98**	**3,256.87**	**2,995.10**	**2,722.79**	**2,864.83**	**3,289.83**
Invent. changes + capitalized costs	29.38	-41.58	15.01	13.64	14.35	16.48
Total revenues	**2,390.37**	**3,215.29**	**3,010.11**	**2,736.43**	**2,879.18**	**3,306.32**
Other operating revenues	72.02	57.38	50.92	46.29	48.70	55.93
Material costs	-1,727.45	-2,399.16	-2,144.04	-1,989.13	-2,079.65	-2,389.67
Personnel costs	-364.61	-501.88	-452.53	-419.84	-438.95	-504.38
Other operating expenses	-204.04	-294.36	-253.25	-234.95	-245.64	-282.26
EBITDA	**166.29**	**77.28**	**211.21**	**138.81**	**163.64**	**185.93**
Depreciation/amortization	-72.98	-57.88	-68.11	-57.25	-56.68	-56.80
EBIT	**93.31**	**19.40**	**143.10**	**81.56**	**106.96**	**129.13**
Financial result	-44.09	-31.72	-54.95	-58.38	-52.26	-51.85
Extraordinary result	-17.41	0.00	0.00	0.00	0.00	0.00
EBT	**31.81**	**-12.32**	**88.15**	**23.18**	**54.70**	**77.28**
Income taxes	-4.13	-14.44	-30.85	-6.95	-16.41	-23.18
Result from discontinued operations	0.00	-6.90	0.00	0.00	0.00	0.00
Minorities and cost of hybrid capital	12.70	-0.22	-2.64	-0.93	-2.19	-3.09
Net result after minorities	**40.38**	**-33.88**	**54.65**	**15.30**	**36.10**	**51.00**

Balance Sheet	**2007**	**2008**	**2009p**	**2010e**	**2011e**	**2012e**
(IAS, EUR mn, 31/12)						
Intangible assets	290.62	272.49	275.06	277.57	280.02	282.40
Tangible assets	468.08	518.14	504.94	496.19	491.20	492.96
Financial assets	18.18	19.54	19.54	19.54	19.54	19.54
Total fixed assets	**776.88**	**810.17**	**799.54**	**793.30**	**790.76**	**794.91**
Inventories	334.04	263.10	269.56	245.05	257.83	296.08
Receivables and other current assets	1,334.61	1,177.42	1,124.99	998.71	1,042.10	1,207.43
Other assets	55.10	54.57	57.30	60.16	63.17	66.33
Cash and cash equivalents	399.74	446.74	352.43	392.68	421.30	469.17
Total current assets	**2,123.49**	**1,941.82**	**1,804.27**	**1,696.60**	**1,784.40**	**2,039.01**
TOTAL ASSETS	**2,900.37**	**2,751.99**	**2,603.81**	**2,489.90**	**2,575.16**	**2,833.93**
Shareholders'equity	**388.65**	**308.28**	**359.62**	**374.91**	**411.01**	**462.02**
Minorities	**7.68**	**3.30**	**5.94**	**6.87**	**9.06**	**12.15**
Hybrid capital and other reserves	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Pension and other LT personnel accruals	88.21	86.95	86.95	90.99	95.43	100.28
LT provisions	0.00	0.00	0.00	0.00	0.00	0.00
Interest-bearing LT debts	586.16	425.72	500.24	409.94	409.94	409.94
Other LT liabilities	111.58	107.60	105.96	105.96	105.96	105.96
Total long-term liabilities	**697.75**	**533.32**	**606.20**	**515.90**	**515.90**	**515.90**
Interest-bearing ST debts	377.22	309.08	189.08	189.08	189.08	189.08
Other ST liabilities	1,340.88	1,511.06	1,356.02	1,312.14	1,354.67	1,554.49
Total short-term liabilities	**1,718.10**	**1,820.14**	**1,545.10**	**1,501.23**	**1,543.75**	**1,743.58**
TOTAL LIAB. , EQUITY	**2,900.37**	**2,751.99**	**2,603.81**	**2,489.90**	**2,575.16**	**2,833.93**

Cash Flow Statement	**2007**	**2008**	**2009p**	**2010e**	**2011e**	**2012e**
(IAS,EUR mn, 31/12)						
Cash flow from operating activities	67.62	138.00	11.97	181.55	82.76	108.83
Cash flow from investing activities	-385.79	240.74	-57.48	-51.01	-54.14	-60.96
Cash flow from financing activities	291.06	-252.69	-45.48	-90.30	0.00	0.00
CHANGE IN CASH , CASH EQU.	**-32.60**	**115.80**	**-90.99**	**40.25**	**28.62**	**47.87**

Margins & Ratios	**2007**	**2008**	**2009p**	**2010e**	**2011e**	**2012e**
Sales growth	48.1%	37.9%	-8.0%	-9.1%	5.2%	14.8%
EBITDA margin	7.0%	2.4%	7.0%	5.1%	5.7%	5.6%
EBIT margin	3.9%	0.6%	4.8%	3.0%	3.7%	3.9%
Net profit margin	1.2%	-0.8%	1.9%	0.6%	1.3%	1.6%
ROE	11.7%	-9.7%	16.4%	4.2%	9.2%	11.7%
ROCE	7.2%	4.3%	11.0%	6.8%	9.5%	11.2%
Equity ratio	13.7%	11.3%	14.0%	15.3%	16.3%	16.7%
Net debt	651.8	375.0	423.8	297.3	273.2	230.1
Working capital	350.3	67.1	201.9	135.2	177.5	229.1
Capital employed	1,159.7	794.2	895.4	785.1	799.2	810.3
Inventory turnover						

Source: Company data, Erste Group estimates

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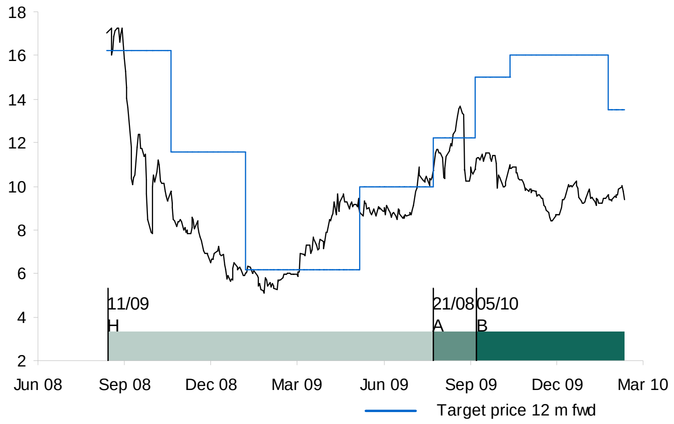
A-Tec



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	26	19.5	6	50.0
Accumulate	31	23.3	2	16.7
Hold	33	24.8	1	8.3
Reduce	23	17.3	3	25.0
Sell	8	6.0	0	0.0
N.R./UND.REV./RESTR.	12	9.0	0	0.0
Total	**133**	**100.0**	**12**	**100.0**

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