Deutsche Bank

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A-TEC Industries AG

Reuters: **ATEC.VI** Bloomberg: **ATEC AV** Exchange: **VIE** Ticker: **ATEC**

18%-31% EPS downgrades

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Q1 2010 earnings quality poor

ATEC's 1Q10 underlying EBIT margin of 1% was much below our forecasts due to positive effects from work-in-progress. Considering the underlying earnings quality, we regard the group's 2010E guidance of 3% EBIT margin more challenging and hence have left our EBIT forecasts unchanged. Moreover, we maintain our Hold rating unchanged due to lack of positive triggers for the stock. Further, we do not calculate a target price for the stock and maintain our NA target price, in-line with DB policy.

Underlying EBIT of Euro 7.9m (Euro 16m DBE)

ATEC reported 1Q10 order intake of Euro 360m (-16% YoY) primarily due to a 45% YoY slump in orders in the Plant construction division. However, other segments in the group recorded increased orders due the ongoing economic recovery in Europe. The group posted EBIT of Euro 37.9m, which was ahead of our Euro 16.3m forecast. However, underlying EBIT was Euro 7.9m (or 1% EBIT-margin) if we strip out positive P&L effects of Euro 30m of work-in-progress (vs. Euro -2.8m 1Q09). Moreover, the group’s FCF was dreadful amid a negative operating CF of Euro 80m, resulting from increase of construction contracts related receivables and lower customer advances.

95% net gearing 2011E

Given our considerations on Q1 2010 underlying earnings quality, we regard the unchanged management guidance of 3% EBIT margin 2010 as very challenging. Therefore we leave our 2010-11E EBIT projections unchanged, but we have increased group’s net interest charges and tax charges which explains our EPS downgrades of as shown in the bottom table. Net working capital in Q4 2009 and Q1 2010 surged by Euro 263m in aggregate due to an increase of inventory and and the reduction in customer advances mainly. Hence we have much higher forecasts for net debt (& net gearing) over the entire forecast period now.

Risks

Downside risks include: 1) sustained weakness of order intake in the Plant Construction could result in further EPS downgrades; 2) significant decline of the copper price would result in negative valuation and margin effects for the Minerals & Metals segment; and 3) rising input costs for steel and power could negatively affect operating margins; Key upside risks are 1) any disposal or demerger activity which would simplify the group structure or eliminate major loss making activities; and 2) unexpected cost cutting benefits.

Forecasts and ratios

Year End Dec 31	2008A	2009A	2010E	2011E	2012E
DB EPS (EUR)	0.66	0.33	**0.37**	0.37	0.40
OLD DB EPS (EUR)	0.66	0.30	**0.45**	0.53	–
% Change	0.0%	6.7%	**-18.2%**	-31.1%	–
DB EPS growth (%)	-34.6	-50.7	**13.6**	-0.7	8.9
P/E (DB EPS) (x)	20.7	26.9	**24.2**	24.4	22.4
EV/EBITA (x)	27.2	4.4	**11.4**	10.8	10.2

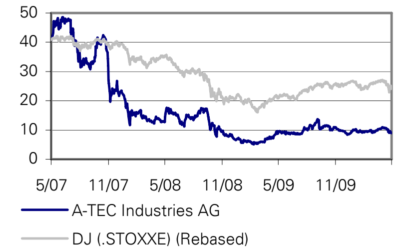
Source: Company data & Deutsche Bank estimates

Results

Hold

Price at 14 May 2010 (EUR)	**8.95**
Price Target (EUR)	**NA**
52-week range (EUR)	**13.65 - 8.43**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*-17.6*	*-2.9*	*1.2*
DJ (.STOXXE)	*-11.0*	*0.4*	*15.7*

Stock & option liquidity data

Market cap (EUR)(m)	235.2
Shares outstanding (m)	26
Free float (%)	38
Option volume (und. shrs., 1M avg.)	–

Model updated:17 May 2010

Running the numbers

Europe

Austria

Engineering

A-TEC Industries AG

Reuters: ATEC.VI Bloomberg: ATEC AV

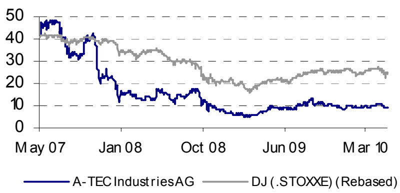
Hold

Price (14 May 10)	EUR 8.95
Target price	EUR NA
52-week Range	EUR 8.43 - 13.65
Market Cap (m)	EURm 235 USDm 292

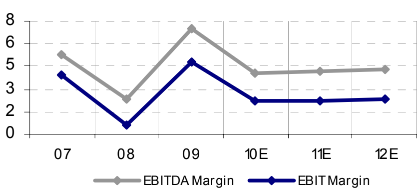
Company Profile

A-TEC Industries AG has been growing through acquisitions and consists of four different business areas today. The biggest segment Plant Construction supplies thermal power generation and waste incineration plants as well as flue gas cleaning equipment. The segments Drive Technologies and Mechanical Engineering manufacture electric motors and machine tools primarily for industrial customers. Metal Production operates copper recycling and processing activities in Continental Europe.

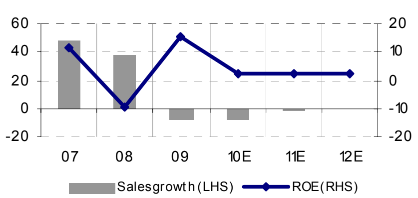
Price Performance



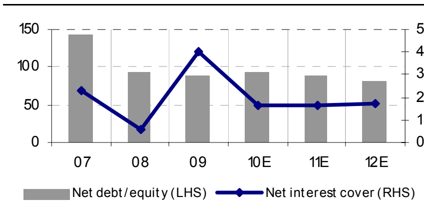
Margin Trends



Growth & Profitability



Solvency



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Fiscal year end 31-Dec	2007	2008	2009	2010E	2011E	2012E
Financial Summary						
DB EPS (EUR)	1.01	0.66	0.33	0.37	0.37	0.40
Reported EPS (EUR)	1.53	-1.31	2.06	0.37	0.37	0.40
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (EUR)	14.7	11.7	14.8	15.1	15.5	15.9
Weighted average shares (m)	26	26	26	26	26	26
Average market cap (EURm)	958	355	230	235	235	235
Enterprise value (EURm)	1,252	688	637	672	654	641
Valuation Metrics						
P/E (DB) (x)	36.0	20.7	26.9	24.2	24.4	22.4
P/E (Reported) (x)	23.7	nm	4.2	24.2	24.4	22.4
P/BV (x)	1.55	0.57	0.59	0.59	0.58	0.56
FCF Yield (%)	nm	nm	nm	nm	8.7	6.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
EV/Sales (x)	0.5	0.2	0.2	0.2	0.2	0.2
EV/EBITDA (x)	10.1	8.9	3.0	6.1	5.8	5.6
EV/EBIT (x)	13.4	35.5	4.4	11.4	10.8	10.2
Income Statement (EURm)						
Sales revenue	**2,361**	**3,257**	**2,995**	**2,743**	**2,689**	**2,690**
Gross profit	**298**	**314**	**413**	**292**	**295**	**303**
EBITDA	**124**	**77**	**211**	**111**	**112**	**115**
Depreciation	44	37	56	50	50	50
Amortisation	-14	21	12	2	2	2
EBIT	**93**	**19**	**143**	**59**	**60**	**63**
Net interest income(expense)	-41	-34	-35	-36	-36	-36
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	0	-8	-14	-12	-11	-12
Other pre-tax income/(expense)	-3	10	-5	0	0	0
Profit before tax	**49**	**-12**	**88**	**11**	**13**	**15**
Income tax expense	4	14	34	3	4	5
Minorities	5	7	1	-2	-1	0
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	**40**	**-34**	**54**	**10**	**10**	**11**
DB adjustments (including dilution)	-14	51	-46	0	0	0
DB Net profit	**27**	**17**	**9**	**10**	**10**	**11**
Cash Flow (EURm)						
Cash flow from operations	**6**	**108**	**-76**	**11**	**65**	**61**
Net Capex	-70	-128	-55	-42	-45	-45
Free cash flow	**-64**	**-20**	**-131**	**-31**	**20**	**16**
Equity raised/(bought back)	-109	-69	55	-2	-3	-3
Dividends paid	-20	0	0	0	0	0
Net inc/(dec) in borrowings	0	0	0	0	0	0
Other investing/financing cash flows	-325	365	18	0	0	0
Net cash flow	**-518**	**276**	**-57**	**-33**	**18**	**13**
Change in working capital	*-228*	*179*	*-106*	*-51*	*2*	*-4*
Balance Sheet (EURm)						
Cash and other liquid assets	400	447	364	333	353	369
Tangible fixed assets	468	518	539	529	522	515
Goodwill/intangible assets	291	272	274	274	274	274
Associates/investments	358	38	22	22	22	22
Other assets	1,384	1,477	1,399	1,344	1,319	1,323
Total assets	**2,900**	**2,752**	**2,598**	**2,502**	**2,490**	**2,503**
Interest bearing debt	963	735	712	712	712	712
Other liabilities	1,541	1,706	1,494	1,389	1,369	1,372
Total liabilities	**2,504**	**2,440**	**2,205**	**2,101**	**2,080**	**2,083**
Shareholders' equity	389	308	390	400	409	420
Minorities	8	3	3	1	0	0
Total shareholders' equity	**396**	**312**	**393**	**400**	**410**	**420**
Net debt	*564*	*288*	*348*	*379*	*359*	*343*
Key Company Metrics						
Sales growth (%)	48.1	37.9	-8.0	-8.4	-2.0	0.0
DB EPS growth (%)	-52.6	-34.6	-50.7	13.6	-0.7	8.9
EBITDA Margin (%)	5.2	2.4	7.1	4.0	4.2	4.3
EBIT Margin (%)	4.0	0.6	4.8	2.2	2.2	2.3
Payout ratio (%)	0.0	nm	0.0	0.0	0.0	0.0
ROE (%)	11.8	-9.7	15.5	2.5	2.4	2.5
Capex/sales (%)	3.0	4.0	2.1	1.5	1.7	1.7
Capex/depreciation (x)	1.6	2.5	0.9	0.8	0.9	0.9
Net debt/equity (%)	142.2	92.5	88.6	94.6	87.6	81.6
Net interest cover (x)	2.3	0.6	4.1	1.6	1.7	1.8

Source: Company data, Deutsche Bank estimates

1Q10 results highlights

Figure 1: A-TEC – 1Q10 results vs. DB estimates

Euro million	1Q09A	1Q10 DBE	1Q10A	1Q10A vs. DBE
Order intake	427	450	360	-20.0%
Order backlog	3,100	1,865	1,999	7.2%
Sales	692	693	698	0.8%
EBITA	38.7	16.3	37.9	132.8%
EBITA margin (%)	5.6%	2.4%	5.4%	
Adjusted EBITA	17.0	16.3	22.5	38.0%
Adjusted EBITA margin (%)	2.5%	2.4%	3.2%	
Pre-tax profit	21.8	6.1	23.7	289.1%
Net Profit (post min.)	14.0	4.2	15.0	260.3%
EPS Stated	0.53	0.16	0.57	258.5%
Adjusted EPS	-0.01	0.16	0.26	63.5%
Segment EBITA				
Plant Construction	12.0	7.9	17.0	114.6%
Drive Technologies	4.1	-0.8	-2.8	-273.3%
Machine Tools	4.7	2.0	0.3	-85.2%
Minerals & Metals	18.4	8.0	25.4	217.5%
Consolidation	-0.5	-0.9	-2.0	-122.2%
Cash flow				
Change in Net working capital	63.7	-5.0	-105.5	-2010.8%
Operating cash flow	63.6	13.2	-79.8	-706.6%
Capex	-15.3	-12.0	-8.6	28.3%
Free cash flow	48.3	1.2	-84.3	-7388.6%
Net cash (debt)	-241.8	-347.5	-462.7	-33.1%
Net cash (debt) incl. provisions	-330.0	-430.5	-547.6	-27.2%

Source: Company data & Deutsche Bank estimates

1Q10 results

- Q1 2010 headline EBIT of Euro 37.9m was far ahead of our Euro 16.3m forecast. However it contains positive valuation effects on the copper inventory of Euro 15.4m hence the clean EBIT was Euro 22.5m, which is still far ahead of our forecast.

- Looking into the P&L detail reveals however that work-in-progress (value and volume increase of inventory) was positive with Euro 30m in Q1 2010 vs. a negative Euro 2.8m in the comparison period despite flat revenues. Hence we can say that without the positive work-in-progress effect in the P&L the underlying EBIT would be Euro 7.9m, which represents slightly more than 1% EBIT-margin. The latter is very low in comparison to our 2.4% EBIT-margin forecast for Q1 2010 and against a 3% EBIT-margin guidance 2010 by the company.

- The increase of work-in-progress is mainly due to the Minerals & Metals segment, which had an increase of short term assets (inventory & receivables) of Euro 40.9m. The effect includes the positive copper inventory valuation effect of Euro 15.4m, hence we assume a positive volume effect of approximately Euro 14.6m coming from higher volumes of inventory.

- In other words earnings quality of Q1 2010 is poor because positive work-in-progress has to reverse in the near term future causing a very negative effect on the operating results in future. Thus Q1 2010 headline results are completely misleading in our opinion.

- Order intake was Euro 360m, which represents a decline of 16%YoY but is relatively flat vs. Q4 2009. Order intake in the Plant Construction segment was down by 45% to Euro 146m but was up in all other segments due to the ongoing economic recovery in Europe.
- Free cash flow generation was dreadful amid a negative operating cash flow of Euro 80m. The latter is due to changes in net working capital, which in turn is due to an increase of construction contracts related receivables and lower customer advances. We believe the negative NWC development is likely to improve in the coming quarters under the assumption that the group is reducing inventor and NWC.
- Given our considerations on Q1 2010 earnings quality made above, we regard the unchanged management guidance of 3% EBIT-margin for 2010 as very challenging.

Change in estimates

We leave our 2010-11E EBIT projections unchanged. However, we have increased net interest and tax charges; which results in EPS downgrades for 2010E-11E. Further, we present our 2012E forecasts for the first time. Our detailed changes include:

- We have decreased our sales estimates for all the segments except for the Minerals & Metals segment, which we expect would post higher sales benefiting from higher copper demand and prices.
- We have downgraded margins for Drive technologies and Metals segments but have upgraded margins in the Plant construction segments.
- At group level, we have increased our net interest charges to Euro 36m (vs. Euro 29 & 28m for 2010E & 11e). Further we have increased our tax rates to 30% from 25%.
- The negative development of net working capital in Q4 2009 and Q1 2010 from the increase in inventory, receivables and the reduction in customer advances leads to much higher forecasts for net debt as shown in figure 2.

Figure 2: A-TEC – Change in DB forecasts

Euro million	New Estimates		Old Estimates		% Change in estimates	
	2010E	2011E	2010E	2011E	2010E	2011E
Net sales	2,743	2,689	2,699	2,689	2%	0%
Sales growth	-8.4%	-2.0%	-9.6%	-0.4%		
EBITDA	111	112	111	112	0%	0%
EBITDA margin	4.0%	4.2%	4.1%	4.2%		
EBIT	59	60	59	60	0%	0%
EBIT margin	2.2%	2.2%	2.2%	2.2%		
Pre-tax profit	11	13	18	21	-39%	-38%
Tax rate	30.0%	30.0%	25.0%	25.0%	20%	20%
Net profit (post min.)	10	10	12	14	-17%	-30%
CF operating	11	65	65	70	-83%	-6%
Capex including Acquisitions	42	45	47	52	-11%	-13%
FCF	(31)	20	18	18	-273%	14%
Net debt (cash)	459	441	341	326	35%	35%

Source: Deutsche Bank estimates

New forecasts

Figure 3: A-TEC – Segment forecasts

Euro million	2008	Q1 09	2009	Q1 10	Q2 10E	Q3 10E	Q4 10E	2010E	2011E	2012E
Order intake	3,584	427	1,346	360	409	404	427	1,600	2,015	2,380
Order backlog	3,264	3,100	2,108	1,999	1,717	1,444	1,617	1,617	1,541	1,788
Sales										
Plant Construction	1,631	401	1,810	331	335	330	354	1,350	1,260	1,240
Drive Technologies	392	88	306	72	68	73	67	280	296	303
Machine tools	370	78	262	53	53	54	55	215	235	240
Minerals & Metals	865	126	615	242	235	220	203	900	900	909
Consolidation	-2	-2	2	-1	-1	-1	-0	-2	-2	-2
Total	3,257	692	2,995	698	691	677	678	2,743	2,689	2,690
EBIT margins										
Plant Construction	*4.2%*	*3.0%*	*4.7%*	*5.1%*	*3.0%*	*2.7%*	*4.0%*	*3.7%*	*2.9%*	*2.7%*
Drive Technologies	*0.8%*	*4.6%*	*0.2%*	*-3.9%*	*-6.0%*	*-3.5%*	*-6.9%*	*-5.0%*	*-1.0%*	*0.2%*
Machine Tools	*8.0%*	*6.0%*	*4.1%*	*0.6%*	*1.0%*	*2.0%*	*4.3%*	*2.0%*	*4.1%*	*5.5%*
Minerals & Metals	*-6.7%*	*14.6%*	*9.9%*	*10.5%*	*0.5%*	*0.5%*	*-0.3%*	*3.0%*	*2.9%*	*2.7%*
Group EBITA margin	*0.8%*	*5.6%*	*4.8%*	*5.4%*	*1.0%*	*1.1%*	*1.0%*	*2.1%*	*2.2%*	*2.3%*
Group EBITA margin adjusted	*2.3%*	*2.5%*	*2.6%*	*3.2%*	*1.7%*	*1.8%*	*1.9%*	*2.1%*	*2.2%*	*2.3%*
EBITA										
Plant Construction	68.2	12.0	85.4	17.0	10.1	8.9	14.0	50.0	36.5	33.5
Drive Technologies	3.1	4.1	0.6	(2.8)	(4.1)	(2.6)	(4.6)	(14.0)	(3.0)	0.6
Machine Tools	29.7	4.7	10.8	0.3	0.5	1.1	2.4	4.3	9.6	13.2
Minerals & Metals	(57.7)	18.4	60.6	25.4	1.2	1.1	(0.7)	27.0	25.7	24.5
Consolidation	(17.9)	(0.5)	(14.3)	(2.0)	(1.1)	(0.8)	(4.4)	(8.3)	(8.5)	(8.8)
Group EBITA	25.3	38.7	143.1	37.9	6.6	7.7	6.7	59.0	60.4	63.0
EBITA adjusted*	76.3	17.0	77.9	22.5	11.7	12.8	11.9	59.0	60.4	63.0
Goodwill impairment & write-back	(5.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	19.4	38.7	143.1	37.9	6.6	7.7	6.7	59.0	60.4	63.0
Bank guarantee cost (1.2bn)	(7.5)	(3.8)	(14.2)	(4.8)	(3.1)	(2.9)	(1.2)	(12.0)	(11.3)	(12.0)
Associates & Participations	9.7	(4.6)	(5.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Interest	(33.9)	(8.5)	(35.3)	(9.4)	(9.0)	(9.0)	(8.6)	(36.0)	(36.0)	(36.0)
Pre-tax profit	(12.3)	21.8	88.3	23.7	(5.5)	(4.2)	(3.1)	11.0	13.1	15.0
Tax charge	(14.4)	(7.4)	(33.6)	(11.2)	1.7	1.2	5.0	(3.3)	(3.9)	(4.5)
Tax Rate	*117%*	*-34%*	*-38%*	*-47%*	*-30%*	*-30%*	*-162%*	*-30%*	*-30%*	*-30%*
Net profit	(26.8)	14.4	54.7	12.5	(3.9)	(2.9)	1.9	7.7	9.1	10.5
Minorities & Discontinued	(7.1)	(0.5)	(0.5)	2.5	(0.4)	(0.4)	0.3	2.0	0.5	0.0
Net attributable profit	(33.9)	14.0	54.2	15.0	(4.3)	(3.3)	2.2	9.7	9.6	10.5
DB Adjustments	51.0	(14.3)	(45.6)	(8.1)	3.6	3.6	1.0	0.0	0.0	0.0
Adj. net attributable	17.1	(0.4)	8.6	6.9	(0.7)	0.3	3.2	9.7	9.6	10.5
Av. number of shares (m)	26.0	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3
EPS stated	-1.31	0.53	2.06	0.57	-0.16	-0.13	0.08	0.37	0.37	0.40
EPS adjusted	0.66	-0.01	0.33	0.26	-0.03	0.01	0.12	0.37	0.37	0.40
Growth YoY										
Sales	*37.9%*	*-11.5%*	*-8.0%*	*0.9%*	*-10.5%*	*0.2%*	*-20.9%*	*-8.4%*	*-2.0%*	*0.0%*
EBITA	*-68.1%*	*-1.3%*	*464.6%*	*-1.9%*	*-78.9%*	*-72.0%*	*-85.3%*	*-58.8%*	*2.4%*	*4.4%*
*EBITA adjusted**	*1.1%*	*-43.0%*	*2.0%*	*32.8%*	*-57.5%*	*-33.6%*	*-15.9%*	*-24.3%*	*2.4%*	*4.4%*
Net attributable profit	*-184.0%*	*-41.5%*	*-260.0%*	*7.7%*	*-152.0%*	*-130.3%*	*-89.5%*	*-82.2%*	*-0.2%*	*9.1%*

Source: Company data & Deutsche Bank estimates

Figure 4: A-TEC – Quarterly cash flow forecasts

Euro million	2008	Q1 09	2009	Q1 10	Q2 10E	Q3 10E	Q4 10E	2010E	2011E	2012E
Net Profit	-27	-0	9	13	-4	-3	2	8	9	11
Depreciation	52	12	68	13	13	13	13	52	52	52
Amortisation	6	0	0	0	0	0	0	0	0	0
Pension Provisions chg.	-1	-1	-2	1	1	1	1	2	2	2
Other provisions chg.	-102	-11	-44	0	0	0	0	0	0	0
Change in NWC	179	64	-106	-106	19	18	17	-51	2	-4
CF Operating	108	64	-76	-80	29	29	33	11	65	61
Total Capex	-130	-15	-63	-9	-10	-11	-12	-42	-45	-45
Investments	-1	0	0	0	0	0	0	0	0	0
Acquisitions	-33	0	18	0	0	0	0	0	0	0
Disposals of investments	369	0	0	0	0	0	0	0	0	0
Disposals of tangibles	2	0	9	4	0	0	-4	0	0	0
Disposals other	29	0	0	0	0	0	0	0	0	0
CF Investing	237	-15	-37	-5	-10	-11	-16	-42	-45	-45
CF before dividends	345	48	-112	-84	19	18	17	-31	20	16
Dividend payment	0	0	0	0	0	0	0	0	0	0
Proceeds of New Issue	0	0	0	0	0	0	0	0	0	0
Other changes equity	-69	0	55	-1	-1	-1	-1	-2	-3	-3
Net cash flow	276	48	-57	-85	18	17	16	-33	18	13
+ Last Year's Net Cash	-644	-368	-368	-426	-548	-482	-466	-426	-459	-441
Liquid Funds	447	450	364	296	314	331	333	333	353	369
ST Debt	-309	-208	-255	-359	-255	-255	-255	-255	-255	-255
LT Debt	-426	-485	-457	-399	-457	-457	-457	-457	-457	-457
YE net debt	-288	-242	-348	-463	-398	-381	-379	-379	-359	-343
Employee benefit obligations	-80	-88	-78	-85	-84	-85	-80	-80	-82	-85
YE net debt incl. provisions	-368	-330	-426	-548	-482	-466	-459	-459	-441	-428
FCF	-20	48	-131	-84	19	18	17	-31	20	16
FCF in % of EBITA	*-26%*	*285%*	*-168%*	*-374%*	*285%*	*228%*	*250%*	*-53%*	*34%*	*25%*
Net debt in % of equity	*-119%*	*-102%*	*-109%*	*-134%*	*-119%*	*-116%*	*-115%*	*-115%*	*-108%*	*-102%*
Net debt/EBITDA (x)	*4.8*	*1.6*	*2.0*	*2.7*	*4.9*	*4.5*	*4.3*	*3.6*	*3.4*	*3.3*

Source: Company data & Deutsche Bank estimates

Figure 5: A-TEC – Consolidated profit and loss forecasts

Euro million	2003	2004	2005	2006	2007	2008	2009	2010E	2011E	2012E
Total Net Sales	282	723	1,084	1,594	2,361	3,257	2,995	2,743	2,689	2,690
% change	*na*	*156.5%*	*49.9%*	*47.1%*	*48.1%*	*37.9%*	*-8.0%*	*-8.4%*	*-2.0%*	*0.0%*
Own Work Capitalised	0	1	12	13	12	11	10	0	0	0
Change in WIP	1	0	15	20	18	-53	27	0	0	0
Sales	283	724	1,110	1,627	2,390	3,215	3,032	2,743	2,689	2,690
% change	*na*	*249.4%*	*48.5%*	*51.1%*	*57.7%*	*38.9%*	*-11.5%*	*-7.4%*	*-2.7%*	*-0.7%*
Cost of Sales	-140	-488	-725	-1,095	-1,727	-2,399	-2,124	-1,968	-1,915	-1,902
% of sales	*49.6%*	*67.5%*	*66.9%*	*68.7%*	*73.2%*	*73.7%*	*70.9%*	*71.8%*	*71.2%*	*70.7%*
Gross Profit	143	236	386	532	663	816	908	775	774	788
Gross Margin	*50.6%*	*32.6%*	*34.7%*	*32.7%*	*27.7%*	*25.4%*	*29.9%*	*28.3%*	*28.8%*	*29.3%*
Other Operating Income	*7*	*31*	*24*	*38*	*29*	*57*	*67*	*49*	*48*	*48*
% of sales	2.5%	4.3%	2.1%	2.4%	1.2%	1.8%	2.2%	1.8%	1.8%	1.8%
Other Operating Costs	-50	-58	-109	-158	-204	-294	-268	-230	-231	-237
% of sales	*17.8%*	*8.0%*	*9.9%*	*9.7%*	*8.5%*	*9.2%*	*8.9%*	*8.4%*	*8.6%*	*8.8%*
Personnel Costs	-82	-163	-221	-287	-365	-502	-495	-483	-478	-484
% of sales	*28.8%*	*22.5%*	*19.9%*	*17.6%*	*15.3%*	*15.6%*	*16.3%*	*17.6%*	*17.8%*	*18.0%*
EBITDA	19	46	79	125	124	77	211	111	112	115
EBITDA-margin	*6.6%*	*6.4%*	*7.1%*	*7.7%*	*5.2%*	*2.4%*	*7.0%*	*4.0%*	*4.2%*	*4.3%*
Adjusted Depreciation	-8	-13	-24	-33	-44	-52	-68	-52	-52	-52
o/w Intangibles (excl. goodwill)	-1	-1	-5	-2	0	-15	-12	-2	-2	-2
% of sales	*2.8%*	*1.8%*	*2.2%*	*2.1%*	*1.9%*	*1.6%*	*2.3%*	*1.9%*	*1.9%*	*1.9%*
EBITA	10.8	33.7	55.0	92.0	79.5	25.3	143.1	59.0	60.4	63.0
EBITA margin	*3.8%*	*4.6%*	*5.0%*	*5.7%*	*3.3%*	*0.8%*	*4.7%*	*2.2%*	*2.2%*	*2.3%*
Goodwill amortisation	0	0			14	(5.9)				
EBIT	10.8	33.7	55.0	92.0	93.3	19.4	143.1	59.0	60.4	63.0
EBIT margin	*3.8%*	*4.6%*	*5.0%*	*5.7%*	*3.9%*	*0.6%*	*4.7%*	*2.2%*	*2.2%*	*2.3%*
Bank guarantee cost (1.2bn @)	0	0	0	0	0	-8	-14	-12	-11	-12
Disposals of Assets	1	-5	-1	1	-4	10	-5	0	0	0
Interest received	1.2	5.4	8.7	11.4	15.4	34.2	15.6	0.0	0.0	0.0
Interest paid	(1.7)	(6.9)	(19.5)	(25.6)	(56.3)	(68.1)	(50.9)	(36.0)	(36.0)	(36.0)
Total Net Interest	(0.5)	(1.5)	(10.8)	(14.2)	(40.8)	(33.9)	(35.3)	(36.0)	(36.0)	(36.0)
Pre-tax profit	11.1	27.3	43.0	78.6	49.2	(12.3)	88.3	11.0	13.1	15.0
PTP margin	*3.9%*	*3.8%*	*3.9%*	*4.8%*	*2.1%*	*-0.4%*	*2.9%*	*0.4%*	*0.5%*	*0.6%*
Income tax	-3	-1	-4.9	8	-4	-14	-34	-3	-4	-5
% rate	*28%*	*5%*	*11%*	*-10%*	*8%*	*-117%*	*38%*	*30%*	*30%*	*30%*
Stated net profit	8.0	25.9	38.0	86.8	45.1	-26.8	54.7	7.7	9.1	10.5
Net margin	*2.8%*	*3.6%*	*3.4%*	*5.3%*	*1.9%*	*-0.8%*	*1.8%*	*0.3%*	*0.3%*	*0.4%*
Minorities & Discontinued	(0.9)	(0.8)	(4.6)	(9.6)	(4.7)	(7.1)	(0.5)	2.0	0.5	0.0
Net attributable income	7.1	25.0	33.4	77.2	40.4	-33.9	54.2	9.7	9.6	10.5
DB Adjustments	0	0	0	-21	-14	51	-46	0	0	0
Adj.net profit	7.1	25.0	33.4	56.1	26.6	17.1	8.6	9.7	9.6	10.5
% change	*na*	*252.3%*	*33.4%*	*67.9%*	*-52.6%*	*-35.7%*	*-50.0%*	*13.6%*	*-0.7%*	*8.9%*

Source: Company data & Deutsche Bank estimates

Figure 6: A-TEC – Balance sheet forecasts

Euro million	2005	2006	2007	2008	2009	2010E	2011E	2012E
Current Assets								
Inventories	151	217	334	263	286	302	296	296
Trade Debtors	185	224	684	535	595	956	937	941
Other Debtors	132	179	298	606	449	0	0	0
Liquid Funds & securities	178	314	400	447	364	333	353	369
Prepaid & Discontinued	32	26	13	18	22	38	38	38
Total	677	960	1,728	1,869	1,715	1,629	1,624	1,644
Current Liabilities								
Trade Creditors	-258	-479	-826	-1,195	-1,014	-1,140	-1,118	-1,118
Other Creditors	-101	-193	-311	-231	-229	0	0	0
Discontinued	-38	-44	-34	-18	-1	0	0	0
ST Borrowings	-171	-112	-377	-309	-255	-255	-255	-255
Tax provision	-2	0	0	0	-22	-20	-20	-20
Total	-570	-828	-1,548	-1,753	-1,521	-1,415	-1,392	-1,392
Net Working Capital	101	-70	158	-21	84	136	134	138
Long-term Assets								
Intangible Assets	105	256	291	272	274	274	274	274
Tangible Assets	162	272	468	518	539	529	522	515
Financial & Other Assets	27	25	358	38	22	22	22	22
Deferred Taxes	30	61	55	55	48	48	48	48
Total	325	614	1,172	883	883	873	866	859
Long-term Liabilities								
Pension Provisions	-15	-38	-56	-56	-52	-54	-55	-57
Severance Provisions	-22	-22	-25	-24	-25	-26	-27	-28
Other Provisions	-73	-92	-233	-132	-87	-87	-87	-87
Bonds	-81	-90	-244	-136	-219	-219	-219	-219
LT Borrowings	-81	-179	-342	-290	-238	-238	-238	-238
Deferred Taxes	-8	-10	-56	-50	-62	-62	-62	-62
Total	-280	-430	-956	-688	-684	-686	-689	-691
Total Assets	1,002	1,573	2,900	2,752	2,598	2,502	2,490	2,503
Represented by:								
Share capital	5	7	7	26	26	26	26	26
Capital reserves	7	152	178	158	144	144	144	144
Retained Earnings	108	144	157	99	185	195	204	215
Valuation gains & losses	-1	-1	52	47	35	35	35	35
Other	-6	-4	-5	-22	0	0	0	0
Shareholders' Equity	113	298	389	308	390	400	409	420
Minorities	40	18	8	3	3	1	0	0
Total net worth	153	315	396	312	393	400	410	420

Source: Company data & Deutsche Bank estimates

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist			
Company	**Ticker**	**Recent price***	**Disclosure**
A-TEC Industries AG	ATEC.VI	8.95 (EUR) 14 May 10	6,8

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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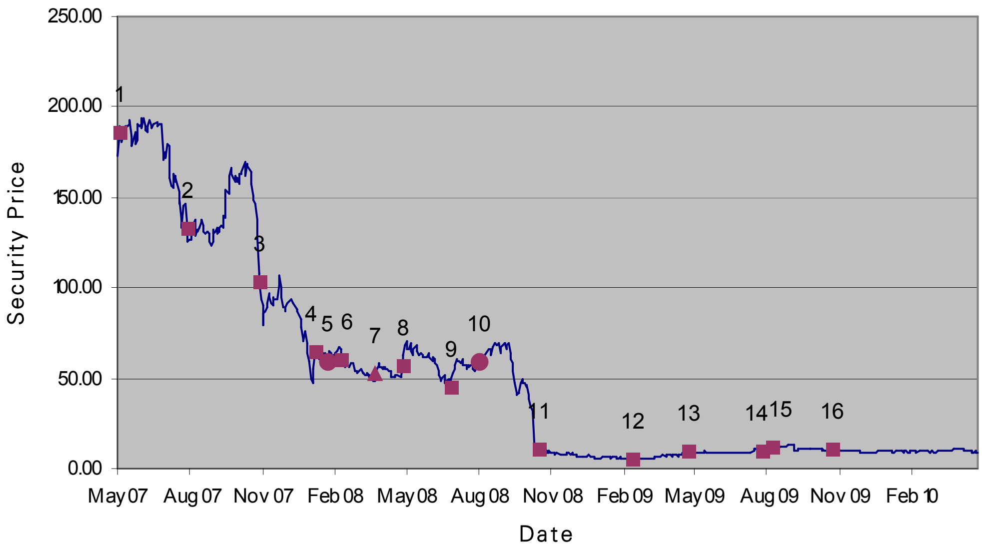
Historical recommendations and target price: A-TEC Industries AG (ATEC.VI)

(as of 5/14/2010)



Previous Recommendations

Strong Buy
Buy
Market Perform
Underperform
Not Rated
Suspended Rating

Current Recommendations

Buy
Hold
Sell
Not Rated
Suspended Rating

*New Recommendation Structure as of September 9, 2002

1.	24/5/2007:	Buy, Target Price Change EUR200.00	9.	16/7/2008:	Buy, Target Price Change EUR82.00
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3.	16/11/2007:	Buy, Target Price Change EUR138.00	11.	4/11/2008:	Hold, Target Price Change EUR12.00
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7.	11/4/2008:	Upgrade to Buy, Target Price Change EUR80.00	15.	27/8/2009:	Hold, Target Price Change EUR12.00
8.	15/5/2008:	Buy, Target Price Change EUR88.00	16.	10/11/2009:	Hold, Target Price Change EUR0.00

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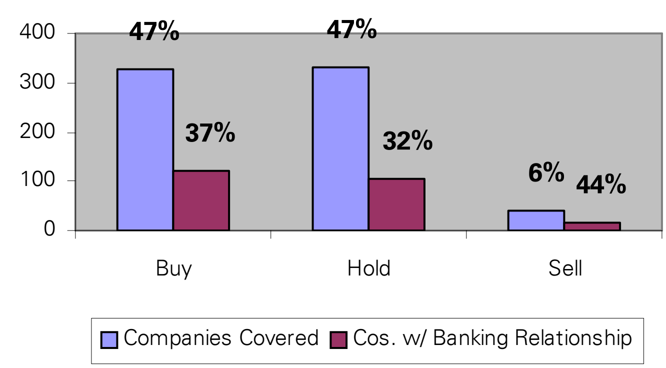
Equity rating dispersion and banking relationships



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