

PRESS RELEASE

A-TEC Industries AG announces preliminary results for 2009

- **EBITDA more than doubled**
- **EBIT margin up to 4.8%**
- **Earnings before tax EUR 88.3 million**
- **Order intake and revenue hit by economic crisis**

Briefing by

- Mirko Kovats, Chairman of the Management Board
- Christian Schmidt, Deputy Chairman of the Management Board
- Christian Schrötter, MBA, member of the Management Board

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Vienna-listed industrial group **A-TEC Industries AG** (ISIN AT00000ATEC9) had one of the best years in its history in 2009, despite continued adverse trading conditions in slow-growing markets. Although revenue was slightly below the previous year's record level, the group's preliminary figures show sharp improvements in all the key earnings indicators.

“Despite the fact that we increased our guidance several times during the year we beat the analysts' forecasts by a wide margin,” noted A-TEC Industries CEO Mirko Kovats. Commenting on the group's financial and operating performance he said: “While ATB's standard motors and EMCO's light machine tools — which together accounted for only about 9% of consolidated revenue — were severely impacted by the crisis, the businesses that contributed the other 91% all performed well. Towards the end of a challenging year the first signs of a gradual recovery began to emerge.”

Solid revenue performance despite economic crisis

Preliminary **revenue** edged down by 8.0% to EUR 2,995.1 million (m) due to the economic crisis and resultant weak investment. However, this fall-off was in comparison to an all-time record in the previous period (2008: EUR 3,256.9m), which itself represented a 41.0% increase in comparison to 2007. The group's Plant Construction Division posted a gratifying 11.1% upturn in revenue thanks to high order backlog at the start of the year. Plant

Construction contributed 60% of total revenue in 2009, while the Minerals & Metals Division generated 21%, the Drive Technology Division 10% and the Machine Tools Division 9% of the total.

Order intake depressed by project postponements

Preliminary group **order intake** contracted to EUR 1,345.6m from EUR 3,583.7m in 2008. The Plant Construction Division accounted for most of the decline — it was hit by widespread project postponements, like other plant engineering businesses throughout the world. However the first signs of recovery were already apparent in the fourth quarter of 2009. Group order intake rose to EUR 369m in the fourth quarter from EUR 248m in the third. This 49% jump was mainly due to a number of large contracts won by the Plant Construction Division. **Order backlog** at year-end 2009 was a solid EUR 2,108.3m (31 December 2008: EUR 3,263.9m), ensuring good planning certainty and capacity utilisation well into 2010.

Strong earnings growth

Despite the mild decline in revenue A-TEC Industries posted robust growth in operating profits. Preliminary group **earnings before interest, tax and amortisation (EBITDA)** more than doubled to EUR 211.2m (2008: EUR 77.3m) — a gain of 173.2%. Thanks to strong performances from the Plant Construction and Minerals & Metals divisions, the improvement in preliminary **earnings before interest and tax (EBIT)** was sharper still, and it surged by 637.6% to EUR 143.1m (2008: EUR 19.4m). The EBIT margin rose to 4.8% from 0.6% in 2008. This

rapid earnings growth reflected both good operating performances by the divisions and strict cost reduction programmes across the group. Preliminary **net finance costs** were EUR 54.8m (2008: EUR 31.7m) due to a poorer financial result in the Plant Construction Division and the previous year's one-time gains on the disposal of the interests in copper companies Cumerio SA and Norddeutsche Affinerie AG. Preliminary **earnings before tax (EBT)** were EUR 88.3m, following a loss of EUR 12.3m in 2008.

About 11,900 employees on six continents

Head count including staff at discontinued operations shrank by 8.5% to 11,883 (31 December 2008: 12,989). The decline largely resulted from 995 lay-offs in the Drive Technology Division. Following the opening of an office in South Africa by the Plant Construction Division, A-TEC Industries now has employees on six continents.

Diversified group with four strong operating divisions

PLANT CONSTRUCTION DIVISION

The Plant Construction Division enjoyed a year of good capacity utilisation in 2009 due to the order backlog it inherited from 2008. At the same time order intake went backwards due to numerous project postponements. Preliminary **order intake** tumbled by 72.9% to EUR 687.3m (2008: EUR 2,534.2m). However signs of recovery in the plant engineering sector multiplied in the last three months of the year, when the division won a

number of export contracts, and order intake more doubled quarter on quarter. At year-end 2009 divisional **order backlog** was EUR 1,815.0m. Due to the high order books carried over from 2008 (order backlog at year-end 2008: EUR 2,881.6m) preliminary **revenue** for 2009 climbed by 11.1% to EUR 1,812.2m.

Preliminary divisional **EBITDA** was 22.3% up at EUR 94.9m (2008: EUR 77.6m). **EBIT** advanced to EUR 85.4m from EUR 68.2m in the previous year, and the **EBIT margin** widened to 4.7% (2008: 4.2%). Net finance costs were swelled by increased guarantee costs, a drop in cash reserves and low interest rates on cash deposits. **EBT** was unchanged from the previous year's high level of EUR 73.7m.

DRIVE TECHNOLOGY DIVISION

Order bookings in the Project Motors (PM) business drifted downwards in 2009, reflecting the long-term nature of its project-based business, whereas orders bottomed out in the Industrial Motors (IM) business, which felt the full force of the crisis earlier in the cycle. Divisional **order intake** decreased by 30.8% to EUR 279.8m. IM accounted for EUR 143.6m (2008: EUR 220.0m) and PM for EUR 136.2m (2008: EUR 184.6m) of the total. Divisional **order backlog** was EUR 120.2m at year-end 2009 (31 December 2008: EUR 136.7m). **Revenue** also slipped, by 21.8% to EUR 306.8m. A 32% fall in revenue in IM was responsible for most of the decline.

Due to the testing economic environment and stiff competition from low-cost Asian countries, IM was obliged to restructure. Although business now appears to have stabilised, further action cannot be ruled out. The Drive Technology Division's 2009 earnings were impacted by personnel reduction costs, as well as a waiver of scheme debts by the LJ Group and impairments of intangible assets. Preliminary **EBITDA** was down by 16.3% to EUR 17.0m (2008: EUR 20.3m). Strict cost management softened the earnings impact of the fall in revenue. With depreciation and amortisation trimmed by lower investment, **EBIT** turned positive by EUR 0.6m following a loss of EUR 2.9m in 2008. The preliminary **pre-tax loss** narrowed by 23.2% year on year to EUR 18.9m (2008: EUR 24.6m).

MACHINE TOOLS DIVISION

The Machine Tools Division comprises the EMCO Group and Dörries Scharmann Technologie GmbH (DST Group). While DST only narrowly missed its sales targets for 2009, unlike most of the industry, demand for EMCO's light machine tools was badly dented by the recession. Preliminary divisional **order intake** dropped by 49.8% to EUR 203.3m. However there were indications of a pick-up in the machine tool market in the last three months of 2009, when order intake jumped by 53% quarter on quarter. **Order backlog** decreased by 32.2% to EUR 151.5m (year-end 2008: EUR 223.5m). Preliminary **revenue** fell by 29.2% to EUR 262.0m, depressed by weak sales at EMCO

(down by 44.8%). DST contributed EUR 156.4m of divisional revenue.

Strict cost management only partly compensated for the squeeze on gross margins from low capacity utilisation at EMCO. As a result provisional **EBITDA** slid by 45.5% to EUR 24.3m (2008: EUR 44.6m), and **EBIT** dropped by 63.6% to EUR 10.8m (2008: EUR 29.7m). Despite a 33% decline in net finance costs **EBT** slipped to EUR 3.6m (2008: EUR 19.0m).

MINERALS & METALS DIVISION

Commodity prices advanced in the fourth quarter of 2009 despite widespread expectations of a correction. The LME copper price at the close on 31 December 2009 was 153% up year on year, at USD 7,346/tonne. Due to subdued industrial demand — especially in Europe — demand for cathodes and formats was weak in 2009. This led to a 28.8% year-on-year fall in revenue in the Minerals & Metals Division, which consists of Montanwerke Brixlegg and Gindre Duchavany. The Gindre Group contributed EUR 186.9m of **divisional revenue**, which totalled EUR 615.4m (2008: EUR 864.9m).

However, thanks to a stringent cost reduction programme and positive valuation effects due to the copper price run-up, preliminary **EBITDA** was EUR 71.4m, compared to a loss of EUR 48.2m in 2008. **EBIT** also turned positive, at EUR 60.6m (2008: -57.7m), lifting the **EBIT margin** to 9.8% (2008: -6.7%). Lower variable interest rates

brought a 22% decrease in net finance costs, which was reflected in positive **EBT** of EUR 51.3m (2008: EUR -69.7m).

Outlook for 2010

Management expects that efforts to strengthen the group's balance sheet will bear fruit in a further increase in the equity ratio in 2009, to about 15%.

It sees revenue running at EUR 2.7 billion in 2010, given slow economic growth. The EBIT margin is forecast at about 3%.

Preliminary results for 2009

(in EUR m, IFRS)	2009	2008	% change
Order intake	1,345.6	3,583.7	-62.5%
Order backlog (at period-end)	2,108.3	3,263.9	-35.4%
Revenue			
• Plant Construction	1,812.2	1,631.1	11.1%
• Drive Technology	306.8	392.4	-21.8%
• Machine Tools	262.0	370.1	-29.2%
• Minerals & Metals	615.4	864.9	-28.8%
Group total	2,995.1	3,256.9	-8.0%
EBITDA	211.2	77.3	173.2%
EBIT	143.1	19.4	637.6%
EBIT margin	4.8%	0.6%	-
EBT	88.3	-12.3	-
Investment*	79.7	130.1	-38.7%
Employees (at period-end)**	11,883	12,989	-8.5%

* Investment comprises additions to intangible assets and property, plant and equipment.

** Full-time employees including apprentices and staff at discontinued operations.

The interim report is available for download in the investor relations area of the A-TEC Industries corporate website (www.a-tecindustries.com).

About A-TEC Industries AG

Vienna-listed and headquartered A-TEC Industries AG is an international industrial group with thriving Drive Technology, Plant Construction, Machine Tools and Minerals & Metals divisions. The Group currently employs around 11,900 people, and the preliminary results for 2009 show revenue of about EUR 3.0 billion.

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