



Press release

A-TEC INDUSTRIES AG continues solid performance in first quarter of 2010

- **Operating results on a par with sound Q1 2009 performance**
- **Earnings before tax up by 8.7%**
- **Slight increase in revenue**
- **Equity ratio up to 15.6%**

Vienna, 17 May 2010. Vienna-listed A-TEC Industries AG (ISIN AT00000ATEC9) has announced a rise in revenue for the first quarter of 2010 and steady year-on-year improvements in most of its key financial indicators. Thanks to a raft of cost-reduction measures and the completion of a number of profitable orders, the Austrian industrial group recorded an 8.7% jump in earnings before tax (EBT) to EUR 23.7 million (m) in the first three months of this year. Revenue reached EUR 697.8m, up by 0.9% on the first quarter of last year. Net profit for the period was EUR 12.7m, which in turn pushed the Group's equity ratio to 15.6% at 31 March 2010.

"These results represent a good start to 2010. Despite the uncertainty caused by large government deficits in some countries, conditions in the real economy have continued to pick up, and demand in early-cyclical businesses is stabilising. Order intake in the late-cyclical Plant Construction Division is still giving cause for concern, although we have seen a sharp increase in customer enquiries. Overall our mood is one of cautious optimism and we are predicting a moderate upturn in the second half of the year," commented A-TEC Industries CEO Mirko Kovats. *"The steady improvement in Group earnings is very satisfying. It demonstrates how profitably we have managed to clear the heavy order backlog, and the long-term impact of our cost-saving initiatives,"* he added.

Solid operating results

Earnings before interest, tax, depreciation and amortisation (EBITDA) remained virtually unchanged at EUR 50.6m (Q1 2009: EUR 50.7m) as a result of the cost-reduction programme implemented last year and the profitable completion of a number of contracts. Earnings before interest and tax (EBIT) went down slightly year on year, from EUR 38.7m to EUR 37.9m, while the EBIT margin slipped to 5.4% from 5.6% in the like period of 2009. Net finance costs benefited from modest exchange gains and the removal of negative effects from the previous year, finishing the quarter at EUR 14.2m (Q1 2009: EUR 16.9m). This resulted in an 8.7% improvement in first-quarter earnings before tax (EBT) to EUR 23.7m. Higher pre-tax earnings in the Plant Construction and Minerals & Metals divisions were reflected in increased tax expense.

This weighed on the profit for the period, which despite falling by 11.2% came in at a respectable EUR 12.7m, compared with EUR 14.3m a year earlier.

Rise in earnings, but Group order intake affected by bookings in Plant Construction

Revenue edged up by 0.9% to EUR 697.8m in the first three months of 2010. This was mainly attributable to higher average copper prices and stronger sales in the Minerals & Metals Division. The 92.1% surge in the Division's revenue more than compensated for the declines in the Group's other three businesses. Although order intake dropped by 15.6% to EUR 360.2m, there were indications of demand stabilising in the early-cyclical segments during the quarter just ended. Each of the divisions reported a rise in order intake, with the exception of Plant Construction. As of 31 March 2010 Group order backlog amounted to EUR 1,999.0m; order bookings at year-end 2009 were EUR 2,108.3m.

Further improvement in equity ratio

Total assets stood at EUR 2,625.4m at 31 March 2010, a rise of 0.7% on the end of 2009. The profit for the period also had a positive impact on equity, and the equity ratio reached 15.6% at the end of the quarter. This compared with 15.1% on 31 December 2009, and 12.0% after the opening three months of 2009. Falling order intake in the Plant Construction Division resulted in a drop in prepayments received and this pushed net debt up to EUR 462.7m at the end of the quarter (31 December 2009: EUR 356.4m). As of 31 March 2010 the gearing ratio was 113.0%.

Overview of the operating divisions

PLANT CONSTRUCTION

Although the first signs of a recovery in orders emerged in the closing quarter of last year, bookings in the Plant Construction Division declined by 45.4% year on year in the first quarter of 2010 to EUR 145.8m (Q1 2009: 267.2m). Thanks to a strong order book amounting to EUR 1,671.2m at 31 March 2010 (31 December 2009: EUR 1,815.0m), full capacity utilisation is already locked in deep into 2010. The 17.4% slide in Divisional revenue to EUR 331.2m was attributable to leads and lags in project invoicing and a drop in order intake. EBITDA advanced by 40.7% year on year to EUR 19.7m on the back of cost-reduction measures, profitable adjustments to and completion of orders and projects, and exchange gains. EBIT also jumped sharply, rising 41.7% to EUR 17.0m (Q1 2009: EUR 12.0m). The EBIT margin improved to 5.1% from 3.0% at the end of the first three months of 2009.

DRIVE TECHNOLOGY DIVISION

Brisk demand boosted results in Industrial Motors, but the late-cyclical Project Motors unit saw a decline in performance. Total Divisional order intake profited from the livelier economy, putting on 3.5% to reach EUR 88.5m (Q1 2009: EUR 85.5m), of which Industrial Motors contributed EUR 42.8m (Q1 2009: EUR 31.1m). Order backlog was EUR 136.5m, compared with EUR 130.6m in the comparative period of last year. Drive Technology reported an 18.0% drop in revenue in the first three months of 2010 to EUR 72.4m, primarily as a result of the late cyclical and longer-term nature of the project motors business. In spite of strict cost management policies, it was not possible to fully compensate for the decline in gross margins resulting from falling sales. Consequently EBITDA slumped by 91.0% to EUR 0.7m. EBIT turned negative by EUR 2.8m after hitting EUR 4.1m in the like period of 2009, while the EBIT margin slipped from 4.7% in the first quarter of 2009 to -3.9%.

MACHINE TOOLS DIVISION

The groups which make up the Machine Tools Division — Dörries Scharmann Technologie (DST) and EMCO — started 2010 with strong performance in order bookings. Divisional order intake

was up 4.7% to EUR 62.6m; of this amount EUR 40.8m was accounted for by the DST Group (Q1 2009: EUR 41.7m). As at 31 March 2010 order backlog totalled EUR 163.9m (31 December 2009: EUR 151.5m). Revenue sank by 32.2% to EUR 53.0m due to the challenging economic situation and weak sales on the machine tools market. Although tight cost management policies were implemented in response to declining sales, especially at EMCO, gross margins fell by 49.1%. Divisional EBITDA went down by 58.8% to EUR 3.3m (Q1 2009: EUR 8.0m) as a result. EBIT fell sharply from the EUR 4.7m recorded in Q1 2009, to end the period at EUR 0.3m, and the EBIT margin followed suit, coming in at 0.6% (Q1 2009: 6.0%).

MINERALS & METALS DIVISION

With the economy picking up and commodities prices on the increase, the Minerals & Metals enjoyed a good first quarter, with growth in both revenue and earnings. Copper prices gained 6.6% during the period and stood at USD 7,830/tonne (t) as of 31 March 2010, well up on the USD 4,030/t seen at the end of March 2009. Divisional revenue rocketed by 92.1% to EUR 242.3m due to higher average prices and increased production. A combination of positive valuation effects and the measures introduced last year to reduce costs and enhance efficiency lifted EBITDA by 32.4% to EUR 27.8m, up from EUR 21.0m in the opening three months of 2009. EBIT rose by 38.0% to EUR 25.4m, while the EBIT margin slipped from 14.6% in the like period of 2009 to 10.5%.

Outlook

Assuming moderate economic growth, the guidance for the 2010 financial year given by management at the time of the announcement of the 2009 results remains in place, with revenue put at around EUR 2.7bn and the EBIT margin at about 3%.

First-quarter financial highlights

(in EUR m, IFRS)

	Q1 2010	Q1 2009	% change
Order intake	360.2	426.6	-15.6
Order backlog (at period-end)	1,999.0	3,099.6	-35.5
Revenue			
• Plant Construction	331.2	401.2	-17.4
• Drive Technology	72.4	88.3	-18.0
• Machine Tools	53.0	78.2	-32.2
• Minerals & Metals	242.3	126.1	92.1
Group total	697.8	691.6	0.9
EBITDA	50.6	50.7	-0.2
EBIT	37.9	38.7	-2.1
EBIT margin	5.4 %	5.6 %	
EBT	23.7	21.8	8.7
Profit for the period	12.7	14.3	-11.2
Investment*	8.6	15.3	-43.8
Employees (at period-end)**	11,662	12,687	-8.1

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

** Full-time employees including apprentices

The interim report on the first quarter of 2010 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 11,700 people, and in 2009 recorded revenue of about EUR 3.0 billion.

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