



## Press release

### A-TEC Industries AG announces results for first half of 2010

- **Revenue stable at EUR 1.4 billion (bn)**
- **Increased order intake in second quarter**
- **Robust performance by early-cyclical businesses**
- **Profit impacted by cost overruns on a turnkey contract**

**Vienna, 10 August 2010** – Vienna-listed A-TEC Industries AG (ISIN AT00000ATEC9) faced a challenging trading environment in the first half of 2010. While economic conditions favoured the group's early-cyclical businesses, its largest division, Plant Construction, met with subdued export demand. In spite of this, group revenue was almost unchanged at EUR 1,426.6 million (m). Order intake again declined on a half-yearly basis, but the multinational industrial group recorded a year-on-year increase in the second quarter alone. Second-quarter earnings did not bring a repeat of the first quarter's excellent figures, and there were sharp falls in some earnings indicators – largely as a result of a weaker performance from the Plant Construction Division.

"We, too, benefited from the global economic upturn in the first two quarters. Particularly in the early-cyclical businesses in our Drive Technology and Machine Tools divisions, we are seeing a rapid and, we expect, sustained recovery. While the Minerals & Metals Division has been trading very strongly, the Plant Construction Division is suffering from a worldwide dearth of new tenders. However, thanks to the new Global Sales Department set up at the start of this year, we are now identifying a growing number of contracts going to tender, which leads us to anticipate an improvement in order intake towards the end of the second half," said A-TEC Industries CEO Mirko Kovats, commenting on divisional performance. "We were unable to replicate our strong earnings performance in the first quarter. The reasons for this are plain enough. The AE&E Group was hit by adverse market conditions and significant cost overruns on a turnkey project – a project implementation risk that is typical for the plant engineering sector," Kovats added.

#### **Revenue steady, order intake up in second quarter**

Group revenue decreased by 2.5% to EUR 1,426.6m in the first half of 2010 (H1 2009: EUR 1,462.7m). However there were signs of a pick-up in demand in the group's early-cyclical businesses – light machine tools and standard electric motors. The Minerals & Metals Division put in an outstanding revenue performance, but the 93.1% gain did not fully compensate for declines in the other divisions. The group's first-half order intake was down by 7.7% year on year at EUR 673.2m (H1 2009: EUR 729.1m). However, demand began to revive in the second quarter, lifting order bookings by 3.5% to EUR 313.0m (Q2 2009: EUR 302.5m). A 37.1% decline in incoming orders in the Plant Construction Division was more than offset by growth in the other divisions. As at 30 June 2010 group order backlog stood at EUR 1,787.8m (end-March 2010: EUR 1,999.0m).

### **Lower earnings**

First-half earnings were depressed by weaker performance from the Plant Construction Division, mainly as a result of cost overruns on a turnkey project. The year-on-year comparison is also coloured by the impact on the Drive Technology Division's results of a one-time income item in the shape of a debt waiver by the LJ Group in the first half of 2009. Consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) slid to EUR 57.6m in the first half of 2010 from EUR 94.4m in the comparative period. EBIT was EUR 32.1m (H1 2009: 69.8m), while the EBIT margin was 2.3%. Earnings before tax (EBT) were EUR 4.2m in the first six months of 2010, compared with EUR 42.9m in the first half of 2009. The consolidated profit for the period fell to EUR 5.8m (H1 2009: EUR 24.5m), reducing basic earnings per share to EUR 0.33.

### **Further improvement in equity ratio**

Total equity and liabilities were EUR 2,582.8m as at 30 June 2010, down by 0.9% on year-end 2009. This chiefly reflected lower construction contract payables and prepayments. Due to the profit for the period, the equity ratio edged up to 15.7% from 15.6% at end-March 2010 (year-end 2010: 15.1%). Falling order bookings in Plant Construction resulted in lower prepayments, which in turn impacted cash and cash equivalents. Net debt climbed by EUR 153.6m in the first half to stand at EUR 510.1m as at 30 June 2010, taking the gearing ratio (net financial liabilities/equity) to 125.9%.

### **Divisional overview**

#### **PLANT CONSTRUCTION**

Order intake in the Plant Construction Division (AE&E Group) was far below expectations, owing to the adverse competitive and market situation. First-half order intake was 42.9% down year on year at EUR 219.9m. Order backlog shrank from EUR 1,815.0m at year-end 2009 to EUR 1,454.8m as at 30 June 2010. Lower order bookings cut revenue by 27.1% to EUR 654.3m (H1 2009: EUR 897.2m). Despite strict cost management, divisional EBITDA slumped by 95.2% to EUR 1.6m due to budget overruns of EUR 17.3m on a turnkey contract. EBIT turned negative by EUR 3.9m, and the EBIT margin was negative by 0.6%.

#### **DRIVE TECHNOLOGY DIVISION**

While demand recovered in the early-cyclical Industrial Motors business unit, the Project Motors business, which like the Plant Construction Division is late cyclical, performed less well. Overall divisional revenue decreased by 6.2% to EUR 151.1m in the first half of 2010 (H1 2009: EUR 161.1m). The Project Motors business was the responsible for the decline, while Industrial Motors recorded an 8.2% increase in revenue. Due to the strong performance from Industrial Motors and an expanded sales effort, order intake grew by 12.3% to EUR 173.8m in the first half of 2010 (H1 2009: EUR 154.7m). The Industrial Motors business unit accounted for EUR 87.1m of the total, and Project Motors for EUR 86.7m. Order backlog as at 30 June 2009 was EUR 128.5m — slightly up on year-end 2009 (EUR 120.2m). Divisional earnings were down despite cost reductions, due to the weaker showing by the high-margin Project Motors business. The decline was also due to the fact that the result for the comparative period includes EUR 9.7m in income for a waiver of scheme debts by the LJ Group. EBITDA fell by 74.3% to EUR 3.6m in the first half, while EBIT turned negative by EUR 3.3m (H1 2009: EUR +6.8m) and the EBIT margin was negative by 2.2%.

#### **MACHINE TOOLS DIVISION**

The Machine Tools Division, which consists of Dörries Scharmann Technologie (DST) and EMCO, posted a 3.6% gain in order intake to EUR 119.0m in the first half of 2010 (H1 2010: EUR 114.9m). The EMCO Group was harder hit than DST by the economic crisis in 2009 and so

profited more from the recovery, registering a 37.6% year-on-year increase in order bookings to EUR 46.5m. As at 30 June 2009 order books in the Machine Tools Division were EUR 163.5m. Revenue continued to feel the effects of the previous year's slump in machine tool demand, and revenue dropped by 21.8% year on year to EUR 114.2m in the first half of 2010 (H1 2009: EUR 146.1m). Thanks to tight cost management, divisional EBITDA held up better than revenue, falling by 18.4% to EUR 11.1m. EBIT for the first half of 2010 was EUR 5.1m – down from EUR 7.2m in the like period of 2009 – while the EBIT margin was 4.5%.

### **MINERALS & METALS DIVISION**

Revenue in the Minerals & Metals Division surged by 93.1% in the first half of 2010 to EUR 508.4m (H1 2009: EUR 263.3m), buoyed by a higher average LME price and increased sales volumes. The LME copper price retreated by 16.8% in the second quarter, to end June 2010 on USD 6,515 per metric ton (t), but this was still well above the year-earlier price (30 June 2009: USD 4,967/t). Divisional EBITDA climbed by 19.5% to EUR 40.5m, and EBIT rose by 24.8% year on year to EUR 35.7m for an EBIT margin of 7.0%.

### **Outlook**

Assuming moderate economic growth, the management's guidance for 2010 at the time of the announcement of the 2009 results remains in place. Given muted economic growth and anticipated divisional performance, management continues to forecast revenue of around EUR 2.7bn and an EBIT margin at about 3 % for 2010 as a whole.

## Interim financial highlights

(in EUR m, IFRS)	H1 2010	H1 2009	% change
<b>Order intake</b>	<b>673.2</b>	<b>729.1</b>	<b>-7.7</b>
<b>Order backlog (at period-end)</b>	<b>1,787.8</b>	<b>2,710.2</b>	<b>-34.0</b>
<b>Revenue</b>			
• Plant Construction	654.3	897.2	-27.1
• Drive Technology	151.1	161.1	-6.2
• Machine Tools	114.2	146.1	-21.8
• Minerals & Metals	508.4	263.3	93.1
<b>Group total</b>	<b>1,426.6</b>	<b>1,462.7</b>	<b>-2.5</b>
<b>EBITDA</b>	<b>57.6</b>	<b>94.4</b>	<b>-39.0</b>
<b>EBIT</b>	<b>32.1</b>	<b>69.8</b>	<b>-54.0</b>
<b>EBIT margin</b>	<b>2.3 %</b>	<b>4.8 %</b>	
<b>EBT</b>	<b>4.2</b>	<b>42.9</b>	<b>-90.2</b>
<b>Profit for the period</b>	<b>5.8</b>	<b>24.5</b>	<b>-76.3</b>
<b>Investment*</b>	<b>39.0</b>	<b>30.7</b>	<b>27.0</b>
<b>Employees (at period-end)**</b>	<b>11,499</b>	<b>12,206</b>	<b>-5.8</b>

\* Comparative period was adjusted.

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

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

The interim report on the first half of 2010 is available for download in the investor relations area of the A-TEC Industries corporate website ([www.a-tecindustries.com](http://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 11,500 people, and in 2009 recorded revenue of about EUR 3.0 billion.

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