



Information for shareholders

A-TEC Industries AG announces results for 2010

- Earnings hit by heavy non-recurring expenses due to restructuring proceedings and deconsolidation of the AE&E Group
- Restructuring plan approved, and constructive talks with investors ongoing
- Good operating performance in Q1 2011 despite restructuring proceedings

Vienna, 15 June 2011 – The early cyclical business segments in the A-TEC Group showed first signs of recovery in the first half of 2010 on the back of the general economic upturn. However as a result of the late cyclical nature of its project business, the largest division – Plant Construction (the AE&E Group) – continued to face a steep decline in order intake. The situation was worsened by cost overruns at a power station project in Australia. These developments led to low capacity utilisation and heavy losses in the plant engineering group. In this situation it was not possible to refinance the bond due at the start of November 2010. The institution of self-administered restructuring proceedings and the bankruptcy of the AE&E Group (Plant Construction Division) overshadowed the fourth quarter for the A-TEC Group. The disposal of the DST Group was announced at the start of January 2011. In accordance with IFRS, adjustments have been made to the annual financial statements for 2010 in the interests of comparability with the previous accounting period. The Plant Construction Division (AE&E Group) and the DST Group were deconsolidated at year-end 2010, and at the same time Mecof Srl was reclassified as a discontinued operation.

Following the restructuring process, today's A-TEC remains an international industrial group with three divisions – Minerals & Metals, Drive Technology and Machine Tools – that are posting good operational performances, and annual revenue of over 1.4 billion euro.

Solid revenue and order intake performance

Adjusted revenue was up by EUR 423.0 million (m) or 41.7% to EUR 1,437.7m in 2010. Growth was largely driven by the Minerals & Metals Division, which benefited from a higher average copper price and increased demand from the metalworking sector. The Drive Technology and Machine Tools divisions recorded revenue gains of 2.5% and 6.0%, respectively.

Due to the economic upturn and higher copper prices underlying Group order intake rose sharply in 2010. Order bookings were up by 45.5% year on year at EUR 761.7m (2009: EUR 523.5m). Order backlog stood at EUR 193.0m at the end of the reporting period — a year-on-year rise of 25.0% (year-end 2009: EUR 154.4m). In the Minerals & Metals Division semi-finished product manufacturer Gindre marked up order intake of EUR 325.2m (2009: EUR 175.2m). This 85.6% leap was both price and volume driven. The Drive technology Division returned a 17.5% increase in order intake to EUR 328.8m (2009: EUR 279.8m). At year-end 2010 the Machine Tools Division's order intake was EUR 107.7m (2009: EUR 68.5m).

Underlying earnings only slightly lower

In a trading environment coloured by escalating material prices and high volatility, adjusted gross profit advanced by 2.1% to EUR 360.4m in 2010. Over the same period earnings before interest and tax (EBIT) before non-recurring income and expenses fell by 11.7% to EUR 42.9m. The underlying EBIT margin, adjusted for effects arising from impairments of intangible assets and property, plant and equipment, losses on disposal, restructuring expenses, debt writedowns and other non-recurring expenses, was 3.0% (2009: 4.8%).

Due to EUR 163.3m in impairments, EUR 10.0m in other non-recurring restructuring expenses and EUR 4.0m in restructuring expenses, headline EBIT turned negative by EUR 134.4m in 2010 (2009: EUR +47.9m).

The heavy impairment losses were caused by the restructuring proceedings. These initially severely harmed the relationships between the operating divisions and – still more – the Group, and their banks, credit insurers, suppliers and customers. As these only gradually stabilised, revenue and earnings targets were missed.

Earnings before tax (EBT) were depressed by finance costs due to the restructuring proceedings of EUR 20.2m, and were negative by EUR 193.1m (2009: EUR +9.5m). The loss before discontinued operations was EUR 236.8m (2009: EUR 5.2m). Income taxes rose to EUR 43.7m (2009: EUR 14.7m) due to reversal of EUR 33.6m in tax expenses due to the restructuring proceedings.

The loss from discontinued operations of EUR 347.7m largely reflected the loss recorded by the deconsolidated Plant Construction Division (AE&E Group). The consolidated loss for the year was EUR 584.5m (2009: EUR +53.7m).

Balance sheet affected by high annual loss and deconsolidation; limited comparability

The balance sheet as at 31 December has not been adjusted according to IFRS 5, meaning that the comparability of the two reporting periods is very limited. Total assets as at year-end 2010 were down by 65.2% year on year to EUR 907.0m.

The consolidated loss for the year of EUR 584.5m was chiefly responsible for the negative equity of EUR 223.5m as at year-end December 2010 (31 Dec. 2009: EUR +392.7m). The equity ratio at year-end was -24.6% (31 Dec. 2009: 15.1%).

Net debt rose to EUR 658.3m (31 Dec. 2009: EUR 356.5m). Comparisons with the previous period are distorted by the deconsolidation of the Plant Construction Division, which had large holdings of cash and cash equivalents and low financial liabilities.

Restructuring plan approved by creditors, shareholders and commercial court

The restructuring plan proposed at a court session on 29 December 2010 was accepted by the creditors. On 11 February 2011 the shareholders also consented to the plan at an extraordinary general meeting. The Vienna commercial court likewise accepted the plan in a decision handed down on 10 May 2011.

The plan approved by the court provides for payment of creditors' claims by 30 September 2011, at a satisfaction rate of 47% plus an improved "super" recovery rate. A binding offer from an investor is required by 30 June 2011 at the latest. Promising talks with potential investors are currently under way with a view to obtaining offers within the deadline set by the restructuring plan. A-TEC Industries AG assigned all its assets to the insolvency trustee with effect from the date of approval

of the rescue plan, in accordance with section 157g Insolvency Code, and gave the trustee an unlimited, irrevocable authorisation to administer and dispose of the assets.

No auditor's opinion

The survival of the A-TEC Group as a going concern depends on a positive conclusion to the restructuring proceedings. Under the rescue plan that has now been approved by the court, the continued existence of A-TEC Industries AG as a going concern depends on whether a binding offer from an investor can be obtained by 30 June 2011, and whether the necessary sum to meet the satisfaction rate is available to the insolvency trustee by 30 September 2011.

The Company's Management Board has received non-binding offers from a number of potential investors, and is conducting intensive negotiations with them. In light of the offers and the progress made by the talks the board is confident that the restructuring plan can be fulfilled and that the Group can continue to operate as a going concern. The Management Board has therefore drawn up consolidated financial statements on the assumption that the going concern principle applies. However a binding offer from an investor will be needed to obtain an auditor's opinion based on this assumption.

Because of this, the annual report for 2010, which is otherwise complete, is only provisional. As soon as a binding offer from an investor to finance payment of the satisfaction rate has been received the annual report can be finalised and published.

Good first-quarter operating performance despite ongoing restructuring proceedings

Strong performances from all three divisions lifted first-quarter order intake by 43.4% year on year to EUR 246.0m. Group order backlog was a satisfactory EUR 218.0m (end-March 2010: EUR 180.8m), resulting in good forward visibility.

Group revenue improved by 30.2% to EUR 430.0m in the first quarter of 2011, boosted by higher revenue contributions from all three divisions. This positive trend was due to strong industrial demand and a higher average copper price than in the comparative period. EBIT climbed by 57.1% to EUR 25.3m, despite the fact that inventory valuation effects due to copper price changes were higher in the comparative quarter. The EBIT margin was 5.9% (Q1 2010: 4.9%).

ATB back in profit in first quarter

The ATB Group, which mounted a broad-based restructuring programme last year, returned to profit in the first quarter of 2011 thanks to a sharp increase in revenue and improved profitability. The group's 5.0% EBIT margin is a clear sign that it is operationally competitive, and that the action taken is bearing fruit. The electric motors group has put the first phase of restructuring behind it, and is well placed for further growth – particularly in the promising market for energy efficient motors.

Outlook for 2011

The continued existence of the A-TEC Group will depend on the outcome of the restructuring proceedings and the search for an investor. The Management Board expects the Group's three divisions to maintain the solid performance posted at the start of the year over the remaining three quarters of 2011. On the basis of anticipated divisional performance and on the assumption of a successful restructuring process management expects the A-TEC Group to return revenue of around EUR 1.5bn for the year as a whole. Operative EBITDA is budgeted at EUR 89m and operative EBIT at EUR 65m.

Commodity analysts expect supply tightness on the world copper market in 2011, and inventories are low. Because of this, the management of the Minerals & Metals Division is braced for a volatile year in which copper prices may move by several thousand US dollars per tonne within relatively short periods. The division is basing its plans on an average LME price of EUR 6,000 per tonne, which would probably result in revenue of about EUR 1,040m. After adjustments for inventory changes, divisional EBITDA is seen at EUR 53m and EBIT at EUR 42m.

The Drive Technology Division's 2011 budget assumes a continued recovery in its core markets. The division's management expects revenue to rise to about EUR 342m. Stable industrial demand should buoy profitability, and EBITDA is forecast at EUR 23m and EBIT at EUR 15m.

The VDMA (German Engineering Federation) predicts machine tool output to expand by 14% this year. The Machine Tool Division is targeting an increase in revenue to around EUR 120m. Careful price management and the restructuring measures in place should bring a sustained improvement in profitability. EBITDA of EUR 13m and EBIT of EUR 8m should be achievable.

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2010 financial highlights

(in EUR m, IFRS)	2010	2009*	% change
Order intake	761.7	523.5	-45.5%
Order backlog (at period-end)	193.0	154.4	25.0%
Revenue			
• Drive Technology	314.5	306.8	2.5%
• Machine Tools	97.2	91.7	6.0%
• Minerals & Metals	1,025.8	615.4	66.7%
Group total	1,437.7	1.014.7	41.7%
EBITDA	63.5	103.2	-38.5%
EBIT	-134.4	47.9	-
EBT	-193.1	9.5	-
Loss/profit from discontinued operations	-347.7	58.9	-
Consolidated loss/profit for the year	-584.5	53.7	-
Equity	-223.5	392.7	-
Equity ratio	-24.6%	15.1%	-
Net debt	658.3	356.5	84.7%
Employees (at period-end)**	5,573	5,761	-3.3%

* Previous period adjusted. Plant Construction Division (AE&E Group), Dörries Scharmann Group (DST Group) and Mecof classified as discontinued operations.

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

The preliminary Annual Report 2010 (German only) 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 a multinational industrial group with Drive Technology, Machine Tools and Minerals & Metals divisions. The group currently employs 5,573 people, and in 2010 posted revenue of some EUR 1.4 billion.