



AUSTRIAN ENERGY
& ENVIRONMENT



PRESS RELEASE

Austrian Energy & Environment Group reports on a year of rapid growth

- § **Massive increases in revenue and EBIT**
- § **Strong international market presence extended to India**
- § **Outlook: consolidation as springboard for further bolt-on acquisitions**

Raaba, Graz, 18 March 2005 – Austrian Energy & Environment AG (AE&E), an international supplier of thermal generation and environmental systems, headquartered in Graz, Austria, can look back on a strong performance in 2004. In a year marked by further milestones in the expansion and globalisation strategy pursued since its relaunch in 2002, AE&E won many large export orders, extended its footprint to Asia and North America, and grew revenue and earnings.

Sharp increases in revenue, earnings and orders

The AE&E Group hit its ambitious financial performance targets for 2004. Revenue registered a 230 % year-on-year gain to EUR 430.7 million (m). Growth was mainly driven by the acquisition of Switzerland's Von Roll Inova (purchased in autumn 2003 but not consolidated until 2004) and Spanish company Babcock Borsig España. EBIT rose strongly to some EUR 21.2m, making AE&E one of the main contributors to the earnings of the parent company, A-TEC Industries AG.

Order intake was up by 43 % to EUR 581.2m in 2004. Order backlog also climbed to a very high level, to reach EUR 950.9m on 31 December 2004, equal to more than a year's average output. Together with anticipated order bookings for 2005 the group thus has enough work in hand to carry it through into 2006.

Head count almost 50 % higher

The acquisitions and hiring at existing group companies brought a 44 % jump in the head count. As of 31 December 2004 the AE&E group had a total of 1,607 employees, of whom 296 were at the Graz and Vienna sites, 521 at the Von Roll Inova subsidiary, 437 at Babcock Borsig España and 350 at the Duro Dakovic works in Croatia and 3 at AE&E Germany.

Large orders from Europe and Asia

Mainly as a result of increased activities in the Far East, AE&E's subsidiaries broke into new markets last year. A number of cooperation agreements have helped the company claim the leadership of the fiercely contested Chinese market for power station flue gas purification systems. In Europe, too, AE&E succeeded in landing major orders. For instance, it will supply the technology for the world's largest flue gas cleaning purification unit at the Neurath coal fired power station in North Rhine-

Westphalia, Germany in 2005. Von Roll Inova put in a particularly strong performance in 2004, and revenue growth far exceeded expectations.

Acquisitions in Spain and India

The acquisition of Babcock Borsig España in January 2004 marked another milestone in the expansion strategy launched by the Von Roll Inova takeover. The addition of the Bilbao based plant engineering and boilermaking company has significantly extended the group's product and market portfolios.

The acquisition of two Indian companies domiciled in Chennai (formerly called Madras) in December 2004 has also significantly extended AE&E's reach. Commenting on the logic of the latest deals, CEO Christian Schmidt said: "The point of acquiring AE&E Chennai Works Ltd., which complements our Croatian factory, is largely to expand our boilermaking capacity. The other takeover — that of AE&E IDEA — is different in that we see it increasing our plant engineering expertise, since the workforce of around 200 will represent a big addition to our engineering resources. The low manufacturing costs at the Indian sites will give us a competitive edge, as well as increasing our reserve capacity." Initially, AE&E intends to serve the Asian and US markets from India.

New office in Shanghai

Another major step forward in 2004 was the opening of a Shanghai office representing the entire group. AE&E achieved massive increases in its market shares in the Far East during the year, and despite fierce competition the company now leads the fast-growing Chinese power station flue gas purification equipment market, thanks to a number of cooperation agreements. Not only will Von Roll Inova's waste incinerator business be looking to increase its penetration of the Chinese market, but Babcock Borsig España is already manufacturing internals for a Chinese coal gasification plant under a licensing agreement with Shell Global Solutions.

Outlook for 2005

AE&E plans to continue to exploit opportunities to expand its market and product portfolio. Acquisition policy will be driven by globalisation goals and the company's wish to keep step with the international trend towards locating production to countries with low labour costs.

Management sees good prospects for continued progress towards expansion and globalisation this year. In the words of CEO Christian Schmidt: "We already have an impressive international presence, and we shall be looking to extend our reach and complete our portfolio over the next few years. Asia and North America are particularly promising markets for Austrian Energy & Environment, and the Indian takeovers have given us a springboard to extend our penetration in both. However 2005 will also be a year of consolidation, in which we will be working to strengthen the new organisational and distribution structures introduced in 2004. Meanwhile increased integration, under the operational management of Austrian headquarters in Graz, will enable us to make a better job of exploiting potential synergies in the group."

About Austrian Energy & Environment

Austrian Energy & Environment AG is a leading European and international energy and environmental system supplier which specialises in manufacturing steam generators, flue gas purification and biomass plants. The group, which includes Swiss subsidiary Von Roll Inova and Spanish company Babcock-Borsig, has a workforce of about 1,700 at operations in Graz and Vienna, Zurich, Paris, Norcross (USA), Bilbao and Madrid, Shanghai, Chennai (India) and Slavonski Brod (Croatia). It is owned by A-TEC Industries AG.

About A-TEC Industries

A-TEC Industries AG is a privately owned industrial group based in Vienna with successful operations in the electric motor, plant engineering, machine tool and metallurgical industries. The Group currently employs around 7,000 people in Austria, China, Croatia, the Czech Republic, France, Germany, India, Italy, Serbia and Montenegro, Spain, Slovakia, Switzerland, the UK and the USA. It expects to report consolidated revenue of over EUR 1 billion for 2004.

For further information visit www.aee.co.at and www.a-tecindustries.at

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