

PRESS RELEASE

A-TEC Industries reports on 2004 financial year

- **Rapid growth**
- **Sharp increases in revenue and earnings**
- **Further expansion slated for 2005**

Vienna, 7 April 2005 – Vienna based A-TEC Industries AG (until February 2004, ATB Beteiligungs GmbH) is active in the electric motor, plant engineering, machine tool and metallurgical industries. The group, which is owned by private foundations established by the industrialist Mirko Kovats and Ronny Pecik, and by Christian Schmidt's investment company, operates on a global scale, through four sub-groups headquartered in Austria, and has 18 production sites.

A-TEC Industries has four sub-groups: Austria Antriebstechnik AG (ATB); Austrian Energy & Environment AG (AE&E); the EMCO Group; and, since June 2004, Montanwerke Brixlegg AG.

Electric motors: Austria Antriebstechnik

Vienna listed ATB is a leading producer of electrical drive systems for industrial applications and appliances. An electric motor manufacturer founded over 30 years ago, ATB has grown rapidly of late as a result of the globalisation of the A-TEC Group. As of the end of 2004, the ATB Group comprised the parent company, Austria Antriebstechnik AG, based in Styria, Austria, and the following subsidiaries: ATB Antriebstechnik, Welzheim, and ATB Motorentchnik, Nordenham (both Germany); ATB Thien, Rankweil, Austria; ATB Bastro, Ostrava, Czech Republic; ATB Selni, Nevers, France; ATB Morley, Leeds, UK; and ATB Sever, Subotica, Serbia and Montenegro.

Plant engineering: Austrian Energy & Environment

AE&E supplies thermal generation and environmental systems, specialising in steam generators, flue gas purification systems and biomass plants. It is the Austrian market leader, and is highly successful internationally. Apart its Austrian sites in Graz and Vienna, AE&E has the following foreign subsidiaries: Von Roll Inova Holding AG, headquartered in Zurich, Switzerland; Babcock Borsig España, Bilbao, Spain; Duro Dakovic TEP d.o.o., Slavonski Brod, Croatia; and I.D.E.A. Ltd. and AE&E Chennai Works Ltd., both located in Chennai, India (acquired near the end of 2004).

Machine tools: Emco Group

Emco Maier GmbH, based in Hallein — Austria, one of Europe's leading machine tool manufacturers — focuses on CNC machining technology, technical training and know-how transfers. The group also includes Germany's Magdeburg Werkzeugmaschinen AG, INTOS spol., s.r.o., ZebraK, Czech Republic, AEP Education Projects GmbH & Co KG, Hallein, Austria, and Emco Famup, Pordenone, Italy (acquired in 2004).

Metallurgy: Montanwerke Brixlegg

Montanwerke Brixlegg AG specialises in recycling copper and other metals from copper scrap and other secondary materials containing copper, and owns the only copper smelter in Austria. The company operates a second copper smelter in Slovakia, through its subsidiary Kovohuty, a.s.

Global head count of over 7,000

As of 31 December 2004 the group had a total workforce of about 7,200 (2003: 2,800), in Austria, China, Croatia, the Czech Republic, France, Germany, India, Italy, Serbia and Montenegro, Spain, Switzerland, the UK and the USA. At year end some 4,000 employees were working in the electric motor, 1,800 in the plant engineering, 900 in the machine tool and 500 in the metallurgy operations.

Rapid growth in 2004

The A-TEC Industries Group again grew rapidly in 2004, by acquisitions in new and existing areas of business.

Major acquisitions in electric motor business

The electric motor business expanded particularly quickly in 2004, due to the takeover of well-known French and British manufacturers, and a major acquisition in Serbia. In spring 2004 ATB returned to supplying motors for the white goods business when it purchased a French manufacturer now renamed ATB Selni. The acquisition of ATB Morley, which specialises in motors for coal mine conveyor systems, in October 2004 marked another significant advance towards establishing the group as a major player on the European electric motor market. Towards the end of the year, the purchase of a 63% interest in Serbia's Sever Holding International, which produces low and high voltage motors, kept up the expansion momentum. These bolt-on acquisitions not only significantly widened ATB's portfolio of technologies and products, but also opened up previously undeveloped markets, including North and South America, Eastern Europe and North Africa, for the A-TEC Industries Group as a whole.

Footprint of plant engineering business extended to China and India

Following the acquisition of the Von Roll Inova Group in the previous year, a Spanish company and sites in Asia (China and India) were added to the plant engineering business in 2004. The takeover of plant engineering and boilermaking company Babcock Borsig España, located in Bilbao, in the Basque Country, represented an

important breakthrough in terms of its geographical markets and its production technologies. The opening of a Shanghai office marked a major step forward for the entire group towards developing the Chinese growth market. The acquisition of Indian companies I.D.E.A. Ltd. and AE&E Chennai Works Ltd. in December 2004 further extended the reach of the plant engineering business.

Machine tool business expanded and restructured

The main features of 2004 for the machine tool business were consolidation and restructuring exercises. However the year also witnessed the takeover of Italian machining centre manufacturer Famup which represented a useful complementary acquisition in terms of the markets served and the product portfolio. The Emco Famup subsidiary rounds out the machine tool portfolio, making the group a major single source supplier in the machining centre market.

Metallurgy business added to A-TEC Industries Group

The acquisition of Montanwerke Brixlegg AG in June 2004 added a metallurgy business to the A-TEC Industries Group. It also ensured the long-term survival of Austria's oldest industrial site, in Brixlegg, Tyrol (established in 1453), as well as permitting the completion of an investment programme launched by Montanwerke at its Slovakian subsidiary in recent years. Montanwerke returned a net profit during its short 2004 financial year. During the second half of the year the holding in the Slovakian subsidiary Kovohuty a.s. Krompachy was raised from 66% to 99.7%, restructuring was initiated, and capacity utilisation increased. Planned investments in the Slovakian smelter in 2005 — most of the investment programme has already been implemented — should enable Kovohuty a.s. Krompachy to make a sustained positive contribution to earnings.

Results for 2004

Financial 2004 was a year of rapid growth for A-TEC Industries. "We have not only selectively expanded, strengthened our various businesses, and broken into new markets in the process, but have also been getting the basics right inside the existing organisation," said A-TEC Industries joint CEO Christian Schmidt, expressing satisfaction with business developments in 2004. "Today, A-TEC is an extremely lean and flexible industrial group that is exploiting its potential synergies and optimising its processes, and is more homogeneous and efficient as a result," he added.

This progress is reflected in the group's financial performance. Despite difficult trading conditions in the group's core markets, and stiffening global competition affecting all its businesses, it recorded impressive improvements in revenue and earnings.

All the figures cited below include group companies consolidated in the course of 2004, such that the revenue and earnings contributions of these subsidiaries were not on a 12-month basis.

Revenue rose by 157%, from EUR 281.3 million (m) to EUR 723m, reflecting organic growth as well as the acquisitions. Earnings increased sharply, resulting in improvements in all the main financial performance measures. Earnings before

interest, tax, depreciation and amortisation (EBITDA) were up by 119% to EUR 39.2m, while earnings before interest and tax (EBIT) advanced by 163.4% to EUR 26.6m, and profit on ordinary activities (POA) by 136.7% to EUR 25.8m.

Overall consolidated revenue on an annualised basis was about EUR 1 billion.

The A-TEC Industries Group has a sound and well balanced financial structure. At balance sheet date net cash and cash equivalents stood at EUR 135.9m — a year-on-year gain of 117%. Capital and reserves also rose, to reach EUR 88.9m by balance sheet date (2003: EUR 50.1m).

The share price of the only listed subsidiary, ATB, performed well in 2004, rising by almost 40%, from EUR 8.43 (adjusted for the three-for-one share split on 10 August 2004) at the end of 2003 to EUR 11.80 on 30 December 2004. Earnings per share were EUR 0.44 compared with EUR 0.38 in 2003 (equal to EUR 0.38 before dilution) — an increase of 14.9%. The Management Board will be recommending an unchanged dividend of EUR 0.50 (equal to EUR 1.50 per share before dilution) to the Annual General Meeting.

Outlook for 2005: further international expansion

The A-TEC Industries Group expects 2005 to be another year of rapid growth accompanied by further improvements in earnings. Mapping out his plans for the Group, CEO Mirko Kovats said: “Over the past few years we have significantly strengthened and improved all our businesses by making complementary acquisitions. In the light of the excellent order backlog position at Group companies we are optimistic about 2005, and anticipate renewed growth in revenue and earnings. We shall continue to make acquisitions this year, focusing on logical additions to existing businesses. However, we are also open to opportunities for extending our reach, and are constantly looking at potential transactions that would result in strategically worthwhile expansion. As before, we shall be limiting ourselves to ‘old economy’ industrial companies.”

Kovats added: “Up to now we have financed our growth entirely from internal resources. However we are currently examining alternative forms of finance, in order to be able to respond quickly and flexibly to any investment opportunities that present themselves. As a first step we will probably be issuing a corporate bond, to be placed with investors in Vienna and abroad, in the first half. We are already encountering strong demand. An IPO at a later date is not ruled out, though at present there are no definite plans with regard to the timing or the market.”

Contact

Claudia Müller
A-TEC Industries AG Press Office
Tel: +43 (0)1 71786 direct dial 107
E-mail: claudia.mueller@pleon-publico.at