



PRESS RELEASE

A-TEC Industries AG reports strong performance in 2005

- Significant increases in revenue and earnings
- Equity ratio up to 15%
- Market position strengthened by acquisitions

Vienna, 17 May 2006 – Following its rapid growth in previous years, A-TEC Industries AG expanded further in 2005 by making strategic acquisitions for its four existing sub-groups, thereby consolidating its position as one of Austria’s major industrial groups. At the same time the group recorded sharp gains in revenue and earnings, as well as an improved equity ratio. The year also saw the successful placement of a public bond issue — the group’s first capital market transaction. In 2006 A-TEC Industries will focus on consolidating and integrating the new acquisitions.

“Over the past few years we have become one of the world’s top suppliers in all our four areas of business, and we are now the leader in most of the market segments we serve. Thanks to our policy of selective bolt-on acquisitions, our strict cost management and our strong focus on research and development we have succeeded in returning record profits, and have turned A-TEC into a group of companies with immense growth potential,” said A-TEC Industries CEO Mirko Kovats, expressing satisfaction with the group’s performance in 2005.

The successful industrial group posted marked increases in revenue and improvements in all the main earnings indicators last year. Consolidated revenue rose by 49.9% year on year to EUR 1,084,000 million (m), largely driven by the growth of the group’s drive technology business. Profit on ordinary activities (POA) was also well up on the previous year at EUR 42.9m (2004: EUR 27.3m), and earnings before interest, tax, depreciation and amortisation (EBITDA) surged by 75.8% to EUR 80.6m (2004: EUR 45.8m). Earnings before interest and tax (EBIT) leapt by 69.2% to EUR 56.1m (2004: EUR 33.2m).

A-TEC Industries had a solid balance sheet at year end 2005. Capital and reserves reached EUR 152.5m — 69.4% up year on year (2004: EUR 90m), — while the group's equity ratio of 15.2% gave it a sound financial base. The net cash position at year end 2005 was EUR 153.5m (2004: EUR 135.9m). In October 2005 A-TEC Industries successfully placed a EUR 100m five-year fixed interest public bond issue with private and institutional investors, laying the groundwork for future acquisitions.

Strategic acquisitions

Following its rapid expansion in 2004 the industrial group again targeted complementary acquisitions last year. For instance ATB Austria Antriebstechnik (the subholding company for the drive technology business) took over an old-established manufacturing company in Serbia and Montenegro, ATB Sever, thereby widening its market access and product range. The commissioning of a lawnmower motor assembly line in Shanghai marked a major step forward in ATB's expansion in the key Chinese market. The initial investment in the Singapore based Lindeteves-Jacoberg Group, in the third quarter of 2005, opened the way for another major extension of A-TEC Industries' geographical footprint and product range. The acquisition of the Australian operations of Alstom Industrial Boilers and Plants gave the group's plant engineering business area access to the Pacific region where investment in new generating capacity is growing particularly fast. And the mechanical engineering business has been significantly strengthened by the acquisition of an Italian manufacturer of high-performance machining centres. Commenting on acquisition policy management board member Christian Schmidt said: "Apart from recording strong organic growth in all four sub-groups last year, we also made acquisitions that added to our muscle, concentrating on complementary products and markets. In this way we built out our international market presence and made up ground on the market leaders."

Focus on expansion and consolidation at ATB Austria Antriebstechnik

The main features of 2005 for Vienna listed ATB Austria Antriebstechnik AG, based in Spielberg, Austria, were wide-ranging integration and restructuring programmes at

the company's new sites. In particular, the sales organisation was adjusted to the new corporate structure. In spite of this ATB achieved a marked increase in consolidated revenue, as well as setting new records for order intake and backlog. The electric motor sub-group faced adverse trading conditions due to rocketing steel, aluminium and copper prices, and the integration of ATB Sever posed major challenges, somewhat holding back progress. However after the first quarter the usefulness of the Serbian subsidiary as a supplier of quality components began to make itself felt in the form of significant cost advantages for other ATB Group companies.

Big contract wins for Austrian Energy & Environment

In 2005 attention at Austrian Energy & Environment (AE&E), headquartered in Graz, Austria, was chiefly devoted to integrating the new subsidiary, renamed Austrian Energy & Environment (Australia) Pty. Ltd., as well as acquisitions of previous years. The plant engineering business won large breakthrough orders — particularly in France, Germany and its new Swedish market — in the teeth of fierce international competition, cementing its position among the world's leading producers of thermal generation and environmental systems. AE&E's satisfactory trading performance was reflected in its annual results. Revenue and earnings were up again, following their robust growth in 2004.

Montanwerke Brixlegg fully integrated in the A-TEC Industries Group

Montanwerke Brixlegg AG can look back on the best financial year in its long and chequered history. Results for 2005 exceeded expectations, and together with the short 2004 financial year more than balanced out the losses of previous periods. Restructuring of the long established Tyrolean company, which became a member of the A-TEC Industries Group in the summer of 2004, was largely completed in 2005. Modernisation of the Slovakian subsidiary Kovohuty a.s. was an outstanding success.

Major acquisition and large orders for Emco Group

In 2005 the Emco Group, based in Hallein, Austria, widened its product range and strengthened its position as one of Europe's leading machine tool manufacturers by acquiring MECOF — an Italian supplier of large CNC machining centres. During the year Emco won a number of large orders for training and production systems. The group restructured in order to optimise capacity utilisation at all its production sites.

Outlook for 2006 — a year of integration

After the rapid expansion of the past two years 2006 will be a year of consolidation and integration of the new subsidiaries. However neither bolt-on acquisitions nor the addition of a further “old economy” area of business are ruled out. In the drive technology business, the acquisition of the Singapore listed Lindeteves-Jacoberg Group is already under way. This staged acquisition, launched by a loan to the acquiree, progressed as planned in the first quarter of 2006, raising ATB's stake in Lindeteves-Jacoberg to 51%. The other 49% are still listed on the Singapore stock exchange. The company, which has subsidiaries in Britain, China, Germany and Poland, and owns the well-known Western Electric, Schorch, Brook Crompton and Tamel brands, will be an immense gain for the entire group.

“We have pursued a strategy of extremely rapid expansion in recent years, and are now well placed to put in a strong performance in 2006,” said Kovats. “We are optimistic for 2006 in the light of the good order books and work in progress across all our businesses, and see revenue and earnings growing,” he added.

About A-TEC Industries

Vienna-based A-TEC Industries AG is a privately owned, international industrial group with successful drive systems, plant engineering, metallurgical and machine tool operations. The group currently employs over 10,000 people in Australia, Austria, China, Croatia, the Czech Republic, France, Germany, India, Italy, Poland, Serbia and Montenegro, Slovakia, Spain, Switzerland, the UK and the USA.

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