A·TEC INDUSTRIES

## Press release

# A-TEC INDUSTRIES unveils results for 2006

- **Record results including all-time highs for order intake, revenue and earnings**
  **- Revenue up by 47.1%**
  **- EBIT up by 69.9%**
- **Share price has put on about 68% since listing**
- **Dividend recommendation: EUR 3**
- **Bright start to 2007, with major acquisition and big contract wins**

Vienna, 27 April 2007 – Vienna based A-TEC Industries AG expressed great satisfaction with its final results for the 2006 financial year when announcing them today. Just under half a year after its flotation on the Vienna Stock Exchange, both the company's share price and improvements in all the relevant financial performance indicators show that A-TEC Industries has rapidly established itself among the leading international industrial groups headquartered in Austria.

While the main feature of 2006 for A-TEC Industries was the its flotation in the winter, the year also witnessed major productivity and integration drives. In particular, wide-ranging integration and restructuring programmes were launched in the ATB Austria Antriebstechnik Group, and their success was reflected in across-the-board improvements in financial performance indicators despite adverse trading conditions. At the same time A-TEC Industries pressed ahead with growth by acquisition, taking a majority in the Lindeteves-Jacoberg (LJ) Group for the Drive Technologies Division and also acquiring companies for the Plant Construction Division which helped round out the latter's product portfolio.

**Marked improvements in revenue and earnings**

In 2006 robust organic growth and the consolidation of the LJ Group powered a 47.1% gain in consolidated revenue to EUR 1.594 billion (bn) from EUR 1.084bn in 2005. The Plant Construction Division contributed 38.5%, the Drive Technologies Division 19.1%, the Mechanical Engineering Division 10.7% and the Metal Industry Division 31.7% of consolidated revenue.

The strong revenue performance was accompanied by improvements in key earnings indicators. Earnings before interest, tax, depreciation and amortisation (EBITDA), at EUR 124.8 million (m), were 57.2% up on last year's EU 79.4m, while earnings before interest and tax (EBIT) of EUR 92.0m topped 2005's EUR 55.0m by 67.3 %. Earnings before tax (EBT) also rose sharply — by 82.8 %, from EUR 43.0m to EUR 78.6m. Profitability, measured by the EBIT margin, progressed to 5.8% from 5.1% in 2005. In line with this trend consolidated profit after tax leapt by 119% to EUR 79.5m, from EUR 36.3m in 2005.

**Record order intake and backlog**

These extremely heartening results were mainly driven by a huge increase in the volume of business. Order intake soared by 128.8% to EUR 1,499.8m (2005: EUR 655.4m). At balance sheet date (31 December 2006) A-TEC Industries had record order backlog of EUR 1,775.0m (2005: EUR 456.7m).

**Healthy balance sheet**

A-TEC Industries ended 2006 with a solid balance sheet. Total assets were well up on the previous year at EUR 1,573.5m (2005: EUR 1,002.3m), mainly reflecting the consolidation of the LJ Group, as well as the acquisition of companies in Australia, the Czech Republic and Germany from Alstom in November 2005 and the spring of 2006. The equity ratio climbed to 20.0% (2005: 15.2%).

The net cash position at balance sheet date was EUR 311.0m — a year-on-year gain of 102.5% (EUR 153.6m).

**Over 11,000 employees**

The rapid organic growth recorded by the group, and the acquisitions of the past financial year resulted in a considerable increase in the head count. As at 31 December 2006 A-TEC Industries had over 11,000 employees around the world (31 December 2005: 10,000).

**Targets exceeded by all four divisions**

The cornerstones of the A-TEC Industries Group — Austrian Energy & Environment, ATB Austria Antriebstechnik, Montanwerke Brixlegg and EMCO — are all international groups which have been rapidly assembled and integrated by the experienced management team, and are now among the leaders in their respective markets. Today they embody the group's business divisions — Plant Construction, Drive Technologies, Metal Industry and Mechanical Engineering. All four divisions again significantly exceeded the targets set for them in 2006.

**Plant Construction Division (Austrian Energy & Environment)**

The Group's largest division put in an outstanding performance during the past financial year, winning many large contracts which propelled order backlog to an all-time high.

Austrian Energy & Environment (AE&E) significantly extended its market shares, and full capacity working is assured until far into 2008. The plant construction sub-group was also further strengthened by acquisitions. The takeover of Alstom's industrial boilers and plants business was completed in 2006, and rapid progress was made with the integration of the takeover companies in Australia, the Czech Republic and Germany. These acquisitions have enabled AE&E to make major inroads into new markets — including the high growth Asia-Pacific, and Central and East European (CEE) regions — and also hold out the prospect of substantial technological synergies. Key decisions taken in 2006 also led to AE&E's successful entry to other large and strategically important energy markets such as Brazil, South Africa and the USA, thus strengthening its role as a global player. The establishment of a branch in Moscow means that AE&E has now extended its footprint to all the world's main energy markets.

Thanks to a major market development drive the AE&E Group (workforce 2,726) succeeded in booking numerous large international orders worth a total of EUR 1.23bn. Order backlog more than doubled to stand at about EUR 1.45bn on 31 December 2006 (31 December 2005: EUR 626m). Strong order books drove significant increases in revenue and earnings in 2006. Revenues advanced by 38.3% to EUR 613.1m (2005: EUR 443.4m), EBITDA was 9.9% up year on year at EUR 30.0m (2005: EUR 27.3m), and EBIT climbed by 10% to EUR 27.3m (2005: EUR 23.1m). EBT rose by 31.6% to EUR 31.6m (EUR 23.0m).

**Drive Technologies Division (ATB Austria Antriebstechnik)**

Last year's rapid expansion catapulted the ATB Austria Antriebstechnik AG electric motor group into the big league on the global market. At year end ATB had 6,511 employees, and it is now one of the world's largest electric motor manufacturers. The main milestone of 2006 was the acquisition of a majority in the Singapore listed Lindeteves-Jacoberg (LJ) Group. A transaction completed in the first half of the year raised A-TEC's stake in LJ to 60%. This important expansion move added four companies — Schorch (Germany), Brook Crompton (UK), Tamel (Poland) and Western Electric (China) — to the ATB Group. All are brands with worldwide reputations. The integration of the LJ subsidiaries has transformed ATB into an independent full-line supplier. As a result ATB made significant gains in market shares despite the continuing difficulties posed by high input prices. ATB's Home Appliances business unit which specialises in motors for domestic and garden appliances again faced an uphill battle due to the growing trends towards the relocation of customers' production facilities to CEE and to concentration in their industries. ATB responded to the resultant downward pressure on prices by mounting intensive cost reduction and productivity enhancement programmes, and by relocating the manufacturing operations affected to the Serbian site. The ATB Group's ultramodern development centre in Lustenau entered full service during the summer of 2006. The Vorarlberg site is the scene of a major drive to develop innovative custom solutions and permanent magnet motors.

Although the LJ takeover and integration of the Serbian subsidiary ATB Sever weighed on results all of the ATB Group's performance indicators improved in 2006. The group returned revenue of EUR 304.5m for a year-on-year gain of 44.2% (2005: EUR 211.1m) — reflecting robust organic growth and the consolidation of LJ. Like-for-like revenue excluding LJ was 11.6% higher at EUR 235.6m. ATB succeeded in passing on at least some of the increases in materials prices during the second half of 2006, leading to increases in all earnings figures. EBITDA was EUR 27.6m, compared to EUR 14.9m in 2005, while EBIT was up from EUR 6.3m to EUR 11.1m. Earnings before tax (EBT) progressed to EUR 1.3m (2005: EUR 1.1m). Order intake was up by 59.0% to EUR 340.0m (2005: EUR 213.8m). The order backlog position was still more encouraging. Order books were EUR 77.7m at balance sheet date — a year-on-year gain of about 85% (31 December 2005: EUR 42.0m). The ATB Group thus has ample work in hand for coming months.

**Mechanical Engineering Division (EMCO Group)**

In 2006 A-TEC's Mechanical Engineering Division made further progress towards becoming a full-line supplier. Its successful business model, based on custom solutions and unbeatable value for money, has won it a worldwide reputation. Last year's implementation of the design to cost model in the lathe business was an outstanding success, and the approach is to be extended to other operations. A number of important decisions, including expansion of the Austrian Hallein site into international corporate headquarters, changes in the group's management and restructuring of the sales organisation, were taken in 2006. A new corporate structure will enable each operation in the group — which now has a total of 942 employees — to focus on its core competencies.

EMCO's expanded product range was among the factors that boosted revenue by 37% to a record EUR 170.8m (2005: EUR 124.7m). Growth was mainly driven by the machine tool group's expanded market shares in Germany. Earnings performance was still more impressive, and was well ahead of EMCO's peer group. EBITDA rose by 74.0% to EUR 21.4m according to preliminary figures (2005: EUR 12.3m), EBIT leapt by 157.6% to EUR 15.2m (2005: EUR 5.9m), and EBT soared by 303.3% to EUR 12.1m (2005: EUR 3.0m).

**Metal Industry Division (Montanwerke Brixlegg)**

2006 was a year of superlatives for the Metal Industry Division, with copper hitting previously inconceivable highs on the London Metal Exchange. Thanks to timely large-scale investments in expanding the electrolysis plant — spending will total EUR 17m by the time that the new capacity comes on line in the autumn of 2007 — Montanwerke Brixlegg will be able to capitalise on booming copper demand. In 2006 the Metal Industry Division (head count 523) delivered strong revenue and volume growth — especially in its core Austrian, German, French and Italian markets. With sales to India and Taiwan also posting strong advances about 80% of output was exported. The Slovak Kovohuty subsidiary which operates the largest secondary smelter in any of the new EU member states, also put in a highly positive performance.

Montanwerke Brixlegg AG returned a 65.1% increase in revenue to EUR 506.1m (2005: EUR 306.5m) in 2006. This was principally due to high copper prices and increased cathode and formate sales volumes. Meanwhile profitability — already very healthy — improved further. EBITDA was 86.0% up at EUR 48.2m (2005: EUR 25.9m), and EBIT surged to EUR 43.2m from EUR 21.1m in 2005, while EBT advanced still more strongly, climbing to EUR 40.2m (2005: EUR 18.6m).

**Good kick-off for A-TEC share — price up by 68%**

Just three months after listing, the ATX Committee voted to include A-TEC Industries in the ATX index of leading shares with effect from 19 March 2007. During its first four months of trading A-TEC was one of the hottest shares on the Vienna Stock Exchange. This was reflected in the price, which put on almost 68% by 26 April 2007, climbing from an initial EUR 100 to EUR 167.90, and thereby outperforming the entire market. Liquidity was also good, and from listing on 1 December 2006 until 31 March 2007 more than four million shares changed hands for a turnover of EUR 545m.

**Dividend of EUR 3 per share**

Due to the group's strong financial performance and the positive growth outlook the A-TEC Managing Board will recommend a dividend of EUR 3.00 per share for the 2006 financial year to the Annual General Meeting on 7 May 2007. The distribution, if approved, will amount to about EUR 19.8m, corresponding to a dividend rate of 24.6%. The planned ex-dividend date is 21 May 2007.

**Bright start to 2007**

As made known at the time of the IPO in December 2006, the A-TEC Group will continue to aim for strategic growth, and is constantly monitoring potential opportunities to extend its product portfolio and geographical reach across all four divisions. In line with this policy, an agreement for the full acquisition of Gindre Duchavany S.A., France was signed in March 2007. The transaction is expected to be closed during the first half of this year, following clearance by the competition authorities concerned. Lyon based Gindre Duchavany returned over EUR 300m in revenue in 2006, and has a workforce of 450. It is one of Europe's leading manufacturers of semifinished copper products, and electrical parts and components. Since the electrical components produced by Gindre Duchavany will complement the Metal Industry Division's product portfolio particularly well the company will become a part of the subgroup headed by Montanwerke Brixlegg.

The Plant Construction Division made a very bright start to the year, winning several major orders, including the contract for the engineering design and construction of a waste incinerator in Zistersdorf, Lower Austria. Order backlog currently stands at a record EUR 1.55bn.

Outlining his expectations for the current financial year, CEO Mirko Kovats said: "All our business divisions are in excellent shape, and on current information I can see no obstacle to revenue passing the EUR 2bn mark this year to set another record. As a group with a majority shareholder, we are delighted at the highly positive performance of our share price during the first few months of listing and its rapid inclusion in the ATX index of leading shares. The response shows clearly that the market appreciates our personal commitment, and has confidence in management's experience and its visions for the group's future."

**A-TEC Industries AG**
**Financial highlights**

(in EUR m, IFRS)

| | 2006 | 2005 | % change |
|---|---|---|---|
| **Order intake** | **1,499.8** | **655.4** | **+ 128.8%** |
| **Order backlog (at balance sheet date)** | **1,775.0** | **456.7** | **+ 288.7 %** |
| **Revenue** | | | |
| • Plant Construction | 613.1 | 443.3 | + 38.3% |
| • Drive Technologies | 304.5 | 211.1 | + 44.2% |
| • Mechanical Engineering | 170.8 | 124.7 | + 37.0% |
| • Metal Industry | 506.1 | 306.5 | + 65.1% |
| • Other | 0 | - 1.6 | |
| **Total** | **1,594.5** | **1.084.0** | **+ 47.1%** |
| **EBITDA** | **124.8** | **79.1** | **+ 57.8%** |
| **EBIT** | **92.0** | **54.8** | **+ 67.9%** |
| **EBIT margin** | **5.8%** | **5.1%** | **n.a.** |
| **EBT** | **78.6** | **43.0** | **+ 82.8%** |
| **Consolidated profit after tax** | **79.5** | **36.3** | **+ 119.0%** |
| **Net cash position** | **311.0** | **153.6** | **+ 102.5%** |
| **Investment** | **56.9** | **26.4** | **+ 115.5%** |
| **Head count (at balance sheet date)** | **10,654** | **7,133** | **+ 49.4%** |

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