

Ad-hoc Announcement of 27 January 2004

Third quarter results for 2003/04 as of 31 December 2003

AT&S realised sharp increase in profit in the third quarter

AT&S, Austria, 27 January 2004

With total revenues of EUR 85.6m in the third quarter AT&S was able to exceed the comparable previous year's figure by 12%. The total revenue for the first three quarters of the current business year therefore came in at EUR 237.7m (+16%).

At EUR 7.4m EBIT was 9% above that of last year. This constitutes an accumulated EBIT of EUR 19.7m for the first three quarters of the current business year (+20%). In the third quarter the EBIT margin of 8.6% was below that of the second quarter, however, clearly above that of the first quarter. This cumulated EBIT margin amounts to 8.3% for the current business year. The reason for this sequential downturn is the price pressure that still persists for AT&S, as a consequence of the weak US dollar, although it has generally become less severe.

The quarterly profit before tax was EUR 8m, also due to a much improved financial result. This means an increase of 65% compared to the third quarter of the previous business year. The pre-tax profit for the first three quarters is therefore EUR 16.4m (+16%).

Net income was EUR 6.5m in the third quarter of the current business year. Earnings per share were EUR 0.25 in the third quarter. Thus AT&S achieved a net income of EUR 10.8m in the first three quarters, which is 29% more than in the 2002/03 business year. After the first three quarters earnings per share are EUR 0.42.

Since, from today's point of view, full utilisation of HDI-Microvia production may be expected by end of March 2004, management expects a revenue of EUR 317m for the 2003/04 business year. Due to the sharp increase in profit in the third quarter and the low group tax rate also to be expected for the fourth quarter, management expects an increase in profit after tax to EUR 0.55 per share.

For the business year 2004/05 the management expects an increase in turnover by approximately 10% and a significant increase in profits.

Information and explanations from the issuer of today's ad hoc announcement:

Results according to US-GAAP (in millions of Euros), profit/share in Euros):

	Q1-Q3 03/04	Margin	Q1-Q3 02/03	Margin
Total Revenues	237.7		205.2	
Gross Profit	34.2	14.4 %	37.3	18.2 %
EBITDA	53.2	22.4 %	44.6	21.8 %
EBIT	19.7	8.3 %	16.4	8.0 %
Net Income	10.8		8.4	
Earnings/Share	0.42		0.32	
Net Debt	41.3		55.5	
Net Gearing	21.2 %		28.6 %	

Telecommunications business segment showing strong growth

69% of total turnover in the third quarter was made in the segment of telecommunications. In comparison to previous quarters this figure increased during Christmas business, due to a very strong demand for mobile phones, but does not constitute a surrendering of AT&S's strategy to achieve approximately 50% of annual turnover in this field on a medium-term basis. The Industrial and Medical segment contributed 20% to turnover; development of the automotive segment was in line with expectations and reached 11%.

Weak dollar burdens AT&S's competitive position

Over recent months the evolution of the USD and the Asian currencies linked to it led to a cost advantage for our competitors from the Asian region which was solely due to the exchange rate fluctuations and thus led to a tougher competitive position for AT&S. For quite some time AT&S has been reacting strategically to this development by reinforcing its group activities in Asia. In this way AT&S secures for itself a certain natural hedge and profits from the weak dollar. By way of this strategy AT&S reduces the economic risk, and also because group purchasing is effected via the cheaper Asian markets, but it was not possible fully to compensate the rapid decrease of the dollar by such strategy. Nevertheless, the recent evolution of the USD is no reason for AT&S to take measures beyond the cost reduction programmes which are implemented in any event.

Other operational results and restructuring costs

Other Operational Results of AT&S contain the proceeds from the sale of the real property in Fohnsdorf, already announced in the previous quarterly report. At the same time the quarterly accounts contain restructuring costs of EUR 2.1m. These are, above all, related to depreciation for losses in value of the real property of the closed-down factory in Augsburg. On the grounds of prudence, this real property will

now only be contained in the AT&S books at the value of the land.

Sharp increase in results due to good financial result, performance in Shanghai, China and thus decreasing tax rate as a consequence

The financial result, which has significantly risen in sequential comparison, is due to the hedging activities of AT&S. However, management expects a negative financial result for the fourth quarter.

The performance of the Asian plants, which was far better than expected, in combination with the weaker dollar, led to gains in Asia that were higher than expected and at the same time and for the same reason to gains in Europe that were lower than expected. It was therefore possible to reduce the tax rate for AT&S to 21.4% already in the third quarter, so that it was 36% for the first three quarters. The cut in corporate tax from 34% to 25% resolved by the Austrian government in early January 2004, will again reduce AT&S's tax rate. Whether this will have an effect in the 2004/05 business year or only in the year after, will become clear upon resolution of this tax reform in Parliament (presumably in summer 2004).

The presentation of the results and of the half-yearly accounts in Excel (excluding notes) for the third quarter of 2003/04 will be available at www.ats.net (investors) from today 8 a.m. (CET). The quarterly report (PDF) will be available from 30 January 2004 onwards.

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