

# Ad-hoc Announcement

## 18/11/08

### AT&S adapts capacities at Leoben-Hinterberg facility Impairment writedown at AT&S Korea

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#### Capacities to be adapted at Leoben-Hinterberg

The effects of recent developments in the world's financial markets on the real economy are increasingly now also being felt in the electronics industry. In addition to the to-be-expected reductions in volumes, prices are also coming under increased pressure, so that volume orders will only be able to be produced in Austria in future under exceptional circumstances. The past years have already seen a general tendency for volume production to migrate to Asia, but the trend is being given an additional boost by the ever more noticeable economic crisis.

These developments, which have been confirmed in many discussions with customers over recent weeks, make it necessary to make adjustments to capacity at the Leoben-Hinterberg facility. The purpose of adapting operations at Leoben-Hinterberg is to do everything possible to strengthen the facility's role as a technology driver in the industry and as the AT&S Group's specialist for prototyping and rapid turnaround business. Roughly EUR 3 million is being invested in this realignment of operations.

Capacity adjustment will affect 293 of AT&S's own staff, and 159 leased personnel at the site, so that overall numbers will be reduced from 1,370 to 918 people employed.

Production capacity will be reduced from the current level of 215,000 m<sup>2</sup> printed circuit board area to 130,000 m<sup>2</sup>. Some of the machines no longer required for production in Leoben-Hinterberg will be put to use in the new factory in India, reducing the amount needing to be invested there by EUR 7.4 million.

The total costs of restructuring will amount to some EUR 20.4 million, made up of redundancy costs, building writedowns and other costs of reorganisation. The precise costs will not be known until the social plan for redundant staff has been agreed. AT&S expects to announce the first redundancies by the end of 2008, so that the staff reduction can largely be completed by the end of the 2008/09 financial year.

#### Impairment writedown at AT&S Korea

Despite the facility's first positive EBIT result in October, and even though the future development of AT&S Korea is seen in a generally positive light, that company's business plan requires to be adapted to reflect the current overall economic climate. On this more conservative basis, the impairment test carried out has identified the need for a writedown of approximately EUR 6.8 million: the goodwill of around EUR 5.3 million is being completely written off, and tax provisions are being reduced by some EUR 1.5 million.

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