

Press Release

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AT&S Restructuring

AT&S will be taking steps to transfer its volume business from Europe to Asia and improve efficiency levels in Austria. The move will result in one-time expenses of up to EUR 40 million, which will have a significant negative impact on operating profit and consolidated net income in the financial year 2009/10. Capital expenditures will be reduced to approximately EUR 20 million.

As recently as November 2008, management was still confident that some volume-manufacturing capacity for HDI printed circuit boards (PCBs) would remain in Austria. However, the deteriorating economic climate in recent months has led customers to concentrate on minimising purchasing prices wherever possible. The resulting pressure on prices means that volume production is no longer viable in Austria at current cost levels.

Consequently, the Group has been compelled to relocate volume production in its entirety from the Leoben-Hinterberg site to Asia, leaving the Leoben-Hinterberg plant to focus exclusively on servicing the European market. Production capacity – measured by the area of PCBs produced – will be cut from the current level of about 130,000 m² to 70,000 m².

The relocation of capacity and the drive to improve efficiency in Austria will also lead to adjustments in staff levels in line with expected future requirements. The number of staff will be cut by about 300 within the next months.

Restructuring expenses are expected to reach up to EUR 40 million in the financial year 2009/10, with some 30% of these expenses being cash relevant. Due to the prevailing economic climate, a year-on-year decline in operative business is likely, and management anticipates operating profit and consolidated net income to be significantly weaker than in the financial year 2008/09.

In response to worsening market conditions, capital expenditures will be reduced from up to EUR 30 million to approximately EUR 20 million.

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