

Press Release

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

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 m² printed circuit board area to 130,000 m². 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.

Leoben-Hinterberg will in future service the European market primarily, and the remaining HDI volume production will be dedicated to products for the mobile devices and automotive sectors. In addition to which, the facility will be pushing forward innovative projects such as Hermes (integration of chips inside circuit boards, for high-volume applications), in order to boost AT&S Group's technological leadership in the industry. The rapid manufacture and production service for small series, prototypes and special products for Europe, and especially for industrial applications, should in future be encouraged to continue to grow. In the first half of this present financial year the level of industrial business was an impressive 16% higher than in the same period last 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.

About AT&S

AT&S Austria Technologie & Systemtechnik Aktiengesellschaft is European market leader and one of the world's strongest-performing printed circuit board manufacturers. AT&S is extremely well positioned in the market for high-tech HDI Microvia printed circuit boards, which are chiefly used in mobile devices. The company is also highly successful in the automotive, industrial, and medical sectors. As a high-growth international enterprise, AT&S has a global presence with six production facilities – three in Austria (Leoben, Fehring, Klagenfurt) and one each in India (Nanjangud), China (Shanghai), and Korea (Ansan, near Seoul) – and 17 sales and marketing offices.

In addition to developing and manufacturing printed circuit boards, as a total solutions provider AT&S offers its customers a range of additional services, including design and population of circuit boards. Specialised prototype development and express services round out the portfolio.

For more information also see www.ats.net

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