

Press Release

21/10/2008

AT&S posts record second quarter earnings in difficult market environment

Vienna – Despite revenues that were lower than in the same period last year, AT&S achieved record earnings in second quarter 2008/09.

AT&S – largest producer of printed circuit boards in Europe and India – has emerged from the doldrums of the first three months of the current financial year and made significant advances in the second quarter.

AT&S's Mobile Devices business (which makes up roughly two thirds of total revenues) is subject to seasonal variation: in the first and fourth quarters of the financial year capacity utilisation is generally lower, while in the second and third quarters it is as a rule extremely good. For a high fixed cost business like AT&S's, reduced capacity utilisation necessarily means pressure on margins, particularly in Austria. The seasonal effect in the first quarter of this financial year was significantly more marked than in other years as a result of the overall economic climate, but in the course of the second quarter AT&S achieved better capacity utilisation again.

Compared with the second quarter of 2007/08, revenues were down by some 6%. The nearly 10% fall in value of the US dollar, averaged over the quarter, was a significant factor: for a major part of AT&S's business (roughly 75% of all revenues) prices are dependent on the dollar.

Operating profit (EBIT) for the second quarter rose by 4%, to EUR 14.9m, compared with the same period last year. Net income for the period climbed to a record EUR 13.6m (up 3.5%) and earnings per share (EPS) increased by 8% to EUR 0.58.

"That we managed to achieve first half earnings per share of EUR 0.80 shows that AT&S is flexible enough to adjust to changing circumstances quickly," comments Harald Sommerer, AT&S's CEO.

The effects of the financial crisis on the real economy can not at present be precisely assessed, though losses in the capital markets and the resultant problems for banks will in all probability have a negative effect on the future growth of the markets AT&S serves. AT&S's outstanding positioning and its good capital structure should however help it win additional market shares next year.

"The five-year EUR 80m bond placed in the first quarter of financial 2008/09 enabled us to exchange short-term for long-term debt and generally to improve the financing structure," explains Steen Hansen, AT&S's CFO.

In spite of currently satisfactory capacity utilisation, the Group will be keeping a close eye on market developments and will tailor capacity expansion appropriately. "We must react quickly and appropriately to changes in the market environment. This means that neither structural adjustments within the Group nor effects on the value of the goodwill at AT&S Korea can be excluded," is how Harald Sommerer sees the market situation.

The Group is not at the present time prepared to issue any guidance for financial 2008/09.

AT&S today employs 6,450 people at its production sites in Austria, India, China and Korea, and in a total of 17 sales offices.

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