

Press Release

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AT&S – results for first quarter of financial 2009/10

Restructuring charges and underutilisations weigh on the earnings. AT&S has taken radical action to improve its strategic orientation and earnings potential, positioning itself optimally in the current global economic environment. The positive effects of these measures have not been felt immediately, but will begin to be noticeable in the coming quarters. This – together with extensive restructuring expenses – meant that AT&S's results for the first quarter were its poorest for many years.

Traditionally, the first quarter of the financial year is seasonally weak, but this year the economic crisis provided an additional damper. With unrelenting pressure on selling prices, almost all AT&S plants were having to contend with significant capacity under-utilisation, so that sales of EUR 83,2m were 15.5% down on the already depressed levels of the fourth quarter of 2008/09. In a fixed-costs-intensive business like printed circuit board production, capacity under-utilisation is directly linked to substantial pressure on margins. The ordinary operating results for first quarter 2009/10, i.e., excluding one-time expenses, showed a loss of EUR -11.8m as against a profit of EUR 5.6m for the same period last year, and earnings per share of EUR -0.59 compared with EUR 0.22 a year ago. "The results for the quarter just ended are certainly among the worst for many years. But as a consequence of a consistent implementation of its restructuring programme, AT&S will be correctly positioned for the future. Our results should already be better again in the coming quarters," explains Harald Sommerer, CEO of AT&S.

Particularly the Austrian Leoben-Hinterberg plant was hit by massive losses, as a result of falling volumes and declining selling prices. Urgent steps were required to ensure its long-term survival. Past years had already seen migration of much volume business to Asia, with consequent reductions in production capacity in Austria. However the increasingly dire world economic outlook caused customers to concentrate more and more on cutting their procurement costs to the minimum. The resulting intensifying pressure on AT&S's selling prices meant that – given the level of existing costs – volume production in Austria was no longer sustainable: it has now all been transferred to Asia. The remaining activities at Leoben-Hinterberg are now being clearly focused on the European market.

The necessary restructuring measures impacted the results for the first quarter with EUR 38.3m of additional expenses, so that the final operating results were EUR -50.1m, and earnings per share were EUR -2.23.

Against this background, in the quarter just ended special attention was paid to giving the Group's financial basis additional strength: a financing agreement totalling EUR 37m was negotiated for a period of 5 years in April 2009, further improving the term profile of AT&S's borrowings. EUR 23m of this have already been called down. Since adequate lines of bank credit are available, Management sees the Group's financial position as very sound.

"In our view, the first quarter marked the low point in the present financial year," comments Steen E. Hansen, CFO of AT&S, on the present business situation. For AT&S, the second and third quarters are traditionally the strongest, so that – despite the generally unfavourable economic climate – improvement in the order book, capacity utilisation and earnings is expected. In the light of the economic situation, however, it is not to be expected that the first quarter's operating losses (even excluding restructuring expenses) can be entirely made good during the rest of financial 2009/10.

The process of strategic adjustment will be completed with the current restructuring activities. Then, AT&S will be ideally positioned for the future. The three Austrian plants will focus on European markets exclusively. The factory

in India will support European business with medium-sized PCB series using standard technologies. In addition to its home market, AT&S Korea will increasingly focus on Europe, where flexible and rigid-flex circuit boards are of growing importance. AT&S's plant in Shanghai, the largest HDI production facility in China, manufactures high volume HDI circuit boards for the global market.

With such an excellent market positioning, a customer portfolio that is unique in the industry, technological leadership and the continuing soundness of its finances, AT&S can be expected to emerge as a winner from the economic crisis.

As at 30 June 2009, AT&S employed 5,371 people at its production sites in Austria, India, China and Korea, and in a total of 16 sales offices around the world.

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