

# Press Release

## 24/07/2008

**In an overall weak first quarter, AT&S's revenues were slightly up on last year's level, despite the collapse of the US dollar.**

**Vienna – AT&S's margins were significantly impacted in first quarter 2008/09, but at about EUR 115m, revenues came out at the same level as in the same period a year ago.**

"That was really not a good quarter. In addition to the inherent seasonality of our business, the macroeconomic uncertainties also had a depressing effect on our performance," is the opening comment by Harald Sommerer, Chairman of AT&S's Management Board.

AT&S's business is seasonal: in the first and fourth quarters of the financial year, capacity utilisation is generally lower and product mixes are less profitable, while capacity utilisation in the second and third quarters is as a rule extremely good. For a high fixed cost business like AT&S's, reduced capacity utilisation means immediate pressure on margins. The seasonal effect in the first three months of financial 2008/09 was particularly extreme, so that the pressure on margins was exceptionally high. Compared with the same period last year, operating profit fell back by 27.5%, to EUR 5.6m, while net income for the period dropped 45%, to EUR 5m.

The weakness of the US dollar and high wage settlements in Austria represent significant competitive drawbacks for volume production, which is why the concentration on European markets is being intensified in the Leoben-Hinterberg plants in particular. "Production over and above the clearly defined baseload is focused on greater flexibility and speed, and on smaller batch sizes. This is the best possible way to meet the requirements of our industrial and automotive customers in Europe, so as to win further market share," explains Harald Sommerer.

Despite the difficult business climate, AT&S was successful in holding revenues at last year's level; indeed, compared with the first quarter of 2007/08 there was even a slight improvement of 0.4%, to EUR 115.2m. Unfortunately, AT&S's competitors in the mobile devices business, but also in some parts of the industrial and automotive sectors, are located almost exclusively in countries with currencies that track the US dollar. This makes prices extremely US dollar dependent. "Around three quarters of all sales are linked to the US dollar, which has fallen against the euro by about 16% in comparison with the same period last year. Which means that if the euro/dollar exchange rate had held steady, sales would actually have been up by three quarters of 16%, i.e., roughly 12%," comments Steen Hansen, AT&S's Chief Financial Officer.

Based on the available customer forecasts, the Group expects the coming quarter to produce higher capacity utilisation and a better product mix. "The present macroeconomic dangers, which stem from the current financial crisis and the behaviour of the US dollar, make the market environment increasingly difficult to assess," cautions Harald Sommerer.

AT&S is therefore not currently prepared to give any precise guidance.

AT&S today employs 6,300 people at its production sites in Austria, India, China and Korea, and in a total of 17 sales offices.

For more information contact: Hans Lang: +43 (0)676 8955 6259 (cell)