

Press release

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AT&S achieves positive operating profits in first three quarters of 2008/09 despite restructuring expenses.

Macro-economic developments in combination with longer-term industry trends meant that the third quarter of financial 2008/09 was dominated by one-time effects resulting from restructuring measures at AT&S's Leoben-Hinterberg facility and writedowns at AT&S Korea.

In its third quarter AT&S posted sales amounting to EUR 117.1m. The one-time effects meant that EBIT was negative, totalling EUR -18.2m. Net income for the period sank as a result to EUR -23.5m. Without the one-time effects, AT&S would have achieved a positive EBIT of about EUR 7.5m and a healthy net income for the period of some EUR 3.7m.

Sales in the first nine months of 2008/09 came to EUR 351.4m. Despite the one-time effects, AT&S posted positive operating results for the period amounting to EUR 2.3m. Net income, however, fell to EUR -4.9m. "The fact that in the first nine months of the financial year we managed to achieve positive operating results (EBIT) despite the one-time effects is a convincing demonstration of the strength of AT&S Group's performance," comments Steen Hansen, AT&S's CFO.

Migration of volume orders to Asia has become progressively more noticeable in the last few years, and recently reached levels that made it necessary to make adjustments to capacity at AT&S's Austrian facility in Leoben-Hinterberg. Production capacity, measured in surface area of printed circuit boards manufactured, was reduced from 215,000 m² to 130,000 m². In the course of the restructuring process, 293 of AT&S's own staff and 159 contract workers are being made redundant. The costs of all these measures add up to EUR 20.2m. "But without decisive action the whole Leoben-Hinterberg facility with its currently more than 900 employees would have been exposed to massive dangers," says Harald Sommerer, AT&S's Management Board Chairman, highlighting the urgency of the capacity adjustments.

AT&S Korea achieved a positive EBIT for the first time in October 2008, and its future development is viewed very positively. Its business plan has however had to be adapted to the global economic climate. This resulted in goodwill writedowns of EUR 5.6m, and tax loss carryforwards amounting to EUR 1.4m also had to be written off.

With the restructuring in Leoben and the cost savings activities that have now been introduced across the Group, AT&S will be able to improve its competitive position among its peers even further.

"We must start from the assumption that 2009 will be a difficult year for the whole industry. The positive side is that the pace of market rationalisation will accelerate enormously. I am totally convinced that AT&S's strategic positioning, outstanding performance and excellent credit rating will enable it to emerge as a winner from this economic crisis," explains Harald Sommerer.

AT&S employs 6,158 people at its production facilities in Austria, India, China and Korea, and in a total of 17 sales offices.

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