

President's letter to investors regarding 2008 forecast guidelines

Dear shareholders and investors,

A few weeks ago ACE released a quarterly report for the last quarter of 2007. Now we have a full picture of the Company performance last year, sales and profits evolution. Year 2007 was very successful both in terms of ACE's financial performance and creating foundations for future growth of the Company. We managed to increase our sales by 8.4% and net profit by 26%, which is, in our opinion, a very good result taking into account that ACE operates on a very stable automotive market with annual changes of sales in a range of a few percentage points. At the same time we managed to decrease ACE exposure to bank debt by 11m €, decreasing the level of financial costs, which also had a positive impact on the net performance.

In 2007 there was also another important event, it is listing of ACE on Warsaw Stock Exchange. New shareholders and new reporting and management regulations will have a definitely positive impact on the Company's performance in future. We as the Management Board still are very much committed to all development plans discussed and presented during the IPO roadshows. Newly raised capital of over 10m € will be used for our business expansion and stronger presence in the CEE Region.

However, Management Board of ACE decided that the Company will discontinue publication of annual forecasts, we would like to present some basic assumptions of ACE's 2008 forecast and the main business drivers for this year. It should be stated here that all following information refers only to organic growth of the Company and does not include the potential acquisition.

Starting from a general picture. Evolution of the automotive passenger car market in Europe was in 2007 quite positive because sales of passenger cars increased by 1% (excluding Russia). If we included Pan European figures, for this independent research institution forecasts 3% growth in terms of sales and the same in production. As for the last few years the main market growth driver comes from new EU members and other CEE countries, while sales in old EU countries are quite stable with a slight decrease observed in some car categories.

From ACE's business perspective the strongest impact on the Company's performance in 2008, beside good general market prospects, will have and overall shortage in capacity of iron foundries in Europe, rapidly increasing prices of energy and manpower (especially in Poland) and still high entry barriers preventing from any newcomers entering the business this year, especially in iron segment.

With the current orders portfolio for 2008, in volume terms ACE will increase its sales by around 7 – 10% in 2008. But the growth will not be stable and we definitely have more orders starting from spring months, but winter season is still impacted by the market slowdown coming from the second half of last year.



Taking into account forecasted evolution of basic raw materials (steel scrap and aluminium) we expect ACE's sales in value terms to grow by the same 7 –10% as volume. Since the pricing mechanism allows us transfer of steel scrap and aluminium price increases to our clients the actual sales might vary in line with price changes of those raw materials. But it has no impact on sales margins as they are determined in absolute values rather than percentage of sales.

The strongest negative impact on operational performance of ACE might come from energy and labour force costs increase. However this is a general trend in Europe and all companies are facing it in some extend, we see it as a potential and important factor which might impact our performance on operational level. To counteract this, ACE is in the process of important productivity and efficiency improvements which were initiated in the second half of last year. The Management Board of ACE believes that due to the "efficiency project" the Company will be able to offset the most of the energy and labour force cost increases in 2008 and the following years.

Taking into account all positive and negative factors, ACE will be facing this year, we are still very much positive about profits generation. The Management estimates that 2008 net profit should be 10 – 15% above the final result achieved last year, and we believe this is still a prudent approach.

Year 2008 will also be very important from the future business perspective. This year we want to complete the acquisition of a iron foundry in the CEE region and start integration process of both foundries accompanied with technology transfer (knowledge more than machinery) and refurbishment of the acquired plant. Additionally to that ACE constantly works on diversification of it product and services range. Successful start of production of the TMC project in 2008 will be followed by a front calliper production in 2009 and iron machining in the same year. All of these actions will lead to further increase of generated sales and margins in future and will allow ACE to offer a complete range of casted products and services.

Due to the fact that many investors ask, during meetings, about ACE dividend policy, Management would like to state that the general assumptions regarding this issue described in the prospectus remains unchanged. However the final decision regarding the dividend payout or similar actions will be taken by the General Shareholders Meeting approving 2007 accounts.

Taking into account the current strong financial situation of the Company and estimated costs of the planed acquisition Management of ACE would like to propose to the GSM a dividend payout from 2007 net profit or equivalent payout. As we stated in the prospectus Management of ACE treats the dividend as a long term commitment to the market and intends to continue its dividend policy in the following years.

Dear shareholders, we as the Management of Automotive Components Europe strongly believe that the year 2008 will be even more successful in terms of financial standing and market position of the Company, than the last year. We want ACE to benefit from fast growth of the business both organic and through acquisitions and share our future success with shareholders.

With best regards,

José Manuel Corrales – CEO
Automotive Components Europe S.A.