

## Press release

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### ACE plans for growth in sales and profit in 2008

- **ACE, Europe's leading producer of automotive brake system components, is publishing its forecast guidelines for 2008. The guidelines call for the company's sales to grow this year by 7-10%, and net profit by 10-15%.**
- **The management board plans to recommend to the general assembly of stockholders that the company pay its first dividend out of the 2007 profit or equivalent payout.**

"In 2008 we plan to continue dynamic growth in sales, profit and margins," **said José Manuel Corrales, CEO of ACE.** "It is a very important year for us. We intend to strengthen our leading position on the market for cast iron and aluminium components for automotive braking systems. We plan to grow both organically and through acquisitions."

According to the 2008 budget guidelines published today (covering only the company's plans for organic growth), ACE expects to see **sales growth of 7-10%** compared to 2007, in terms of both production volume and revenues. Through 4 quarters of 2007 ACE recorded revenues of EUR 86 million.

"As was the case last year, we intend to grow much faster than the European automobile market as a whole, which according to various estimates should grow in 2008 by about 3%," **the CEO commented.** "However, it will not be a stable year for us. In the first months of the year the effects of the slowdown in the automotive market in the 2<sup>nd</sup> half of 2007 were visible. Only now are we seeing a rise in orders, and we expect the situation to pick up speed in the next few months."

Production costs have a large impact on ACE's results. "We do not expect the prices of our basic raw materials – steel scrap and aluminium – to change significantly this year," **said the CEO.** "Moreover, there are mechanisms in our contracts with clients under which changes in prices of raw materials are automatically transferred into the prices for products purchased by our clients. Thus any changes in the prices of raw materials should not have a great effect on our results. According to our estimates, however, payroll and energy costs will rise this year. In order to compensate their impact on our results, in the 2<sup>nd</sup> half of 2007 we already introduced a special programme aimed at increasing the efficiency of our operations."

At the **net profit** level, **ACE estimates that in 2008 it will achieve growth of 10-15%.** The company's net profit through 4 quarters of 2007 was EUR 8.7 million.

Among its most important plans for 2008, ACE intends to **begin production of brake pumps - TMC -** (a new product, alongside the two other braking system components



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produced by the company – iron anchors and aluminium calipers). This year the company will also prepare to roll out production in 2009 of another **new product – front brake calipers – and machining of iron products** (so far machining has mostly been done by the company's clients).

2008 should also be a key year in terms of the planned **acquisition of a production firm in Central & Eastern Europe**, where the European automotive market is growing the fastest. "I can say that negotiations with one firm are at an advanced stage," **said José Manuel Corrales**. "The acquisition will allow us to increase our production capacity and grow in the iron components segment."

Given the company's strong financial position, the ACE Management plans to recommend to stockholders that they approve a **dividend payment** from the 2007 profit or equivalent payout. "We think that the company's financial situation is very good," **the CEO said**. "The company is achieving growing profits, generating stable positive cash flows, and also has a large credit capacity. This means that ACE can finance its investment plans while at the same time distributing part of the profit earned last year to stockholders. It would be the first dividend paid by ACE."

**The ACE Group** is a leading supplier in Europe of automotive components for braking systems. The group specialises in production of two core components of disc brakes: iron anchors (the largest supplier in Europe, with about 44% of the relevant market) and aluminium callipers (holding over one-quarter of the European market).

The production of the ACE Group is concentrated in two operating companies wholly controlled by ACE: **Fuchosa** (with a plant in Spain for the casting of iron components) and **EBCC** (with a plant in Poland for the casting and machining of aluminium components).

The ACE Group's customers include the largest European suppliers of brake modules such as Continental Teves, TRW Automotive and Robert Bosch. Products of the ACE Group are **installed in the majority of automobiles produced in Europe** (Fuchosa anchors are installed in about **125 models of cars** and EBCC callipers in 16 different brake system platforms, which are used in **about 50 car models**).

EBCC and Fuchosa, present on the automotive market for years, established the ACE Group in 2006, thus creating a strong and specialised European supplier with diversified production technology (using three key technologies for the auto industry: iron casting, aluminium casting and machining). The ACE Group enjoys many benefits from the merger such as more efficient customer service (thanks to a presence in both Western Europe and Central Europe) and a stronger position in the development of new products.



**For additional information, please visit the website [www.acegroup.lu](http://www.acegroup.lu) or contact:**

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