

Press release

Warsaw, 21 October 2008

ACE's net profit dynamics in 2008 might be lower

- Sales of new cars in old EU countries decreased in the first three quarters of 2008 by 4.9% in compare with 2007, mainly in the last months (August – 16% and September –9,2%);
- The final dynamics of current year net profit will depend on orders coming in last months of this year;
- The company reacts immediately in two areas: commercial and cutting financial impact.

The Company released an alert concerning potential impact of an automotive sector slowdown on performance of ACE Group in 2008 resulting from current global financial crisis. Sales of new cars in old EU countries decreased sharply on y-on-y basis and the market becomes more and more volatile. September data showed 4.9% cumulative decrease in compare with 2007 and a full year forecast of -7.5%. Sales of cars in new EU countries and other CEE countries like Russia and Ukraine are above last year figures but cars offered in those countries not fully much product mix offered by ACE. *“This is a very unusual situation – **says Raul Serrano, CFO** – since our production companies are in the automotive business. The general rule in the past was that demand for new cars was roughly following GDP growth in EU countries. The current behavior of the automotive market additionally shows a trend linked with uncertainty of financial markets. The dynamics of changes in sales of new cars is very high even in comparison with our previous survey, which we were presenting to investors after publication of our semiannual report. It was showing 3.2% decrease in the first seven months of the year and 5.4% decrease for the full 2008. And under those conditions supported by partial compensation coming from CEE countries we were still able to achieve our forecasted dynamics of net earnings, mainly due to the fact that in the first half of this year the Company managed to generate more than 50% of its full year net profit.”*

In a short term ACE is highly dependant on orders coming from customers, which are confirmed on monthly basis. *“Everything will depend on orders level in the last months of this year – **says Raul Serrano** – Nature of our business implies that in a short term we have to rely on our customers. In a few months perspective, however, we will be able to use our free capacity for other projects , and this is something we are focusing our efforts at the moment. Also our medium and long term strategy assumes introduction of new products and customers to grow the business even in*



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the situation in which the automotive sector is not performing like in the previous years. And it is clear for us that our current financial structure allow us to face this situation in a better standing and that companies which manage to deal better with the new environment will be reinforced after the slowdown. .

As an example of the above, to temporarily adapt production capacity to the current situation and to decrease fixed cost level (especially in the production plant located in Spain) we decided to introduce a flexible employment scheme allowing ACE to manage employment level and to match it with the current level of incoming orders. Thanks to this we will be able to optimize our performance in both technical and financial aspects.

In addition, from the group expansion point of view current situation could be also a good opportunity to achieve more and better opportunities. That is why ACE does not suspend its future acquisition plans and will be actively looking for attractive targets within the automotive sector. “

The final dynamics of net profit in 2008 might be lower than assumed 10-15% growth published in financial guidelines in March. More precise information the Company will have in a few months time.

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 three operating companies wholly controlled by ACE: **Fuchosa** (with a plant in Spain for the casting of iron components), **EBCC** (with a plant in Poland for the casting and machining of aluminium components) and **Feramo** (New acquisition in Czech Republic for the casting of iron components).

ACE Group's customers include the largest European suppliers of brake modules such as Continental Teves, TRW Automotive and Robert Bosch. Products of 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**).

Investment programme for **Feramo** is planned for the next 3 years, with a value of more than EUR 9 million. It will allow the annual production capacity of the Czech plant to increase from current 15 to about 42 thousand tones of iron and most of the new capacity will be a high value added nodular iron technology used for demanding automotive castings.

EBCC and Fuchosa, present on the automotive market for years, established 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). 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 or contact:

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